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President's Message

Mohamed Haleem Abdulla
CA Maldives President

It is with great pleasure and a deep sense of pride that I welcome you to the inaugural edition of the CA Maldives Journal. This first publication marks an important milestone in the journey of the Chartered Accountants of the Maldives and represents a new beginning in our commitment to advancing research, thought leadership, and professional dialogue within the accountancy profession.

The launch of this journal reflects our aspiration to create a credible platform that encourages research, analytical thinking, professional writing, and the exchange of ideas among our members and stakeholders. In an increasingly complex and dynamic professional environment, such a platform is essential to strengthen technical knowledge, promote innovation, and contribute meaningfully to national and global professional discourse.

I encourage our members to actively engage with this journal—not only as readers, but also as contributors. Your insights, research, practical experiences, and perspectives are vital in shaping future editions and in building a strong culture of research and publication within our profession. I sincerely hope this inaugural issue inspires many more contributions and regular publications in the years ahead.

I would like to extend my heartfelt appreciation to the CA Research and Publication Committee for their dedication and hard work in bringing this first journal to life. My sincere thanks also go to our contributors and sponsors, whose support and commitment have made this publication possible.

As we embark on this important initiative, I look forward to seeing the CA Maldives Journal grow into a respected and impactful publication that adds lasting value to our members, the profession, and society at large.

Editorial Remarks

The Research & Publications Committee of CA Maldives is delighted to introduce the first issue of the CA Maldives Journal. This journal reflects our shared dedication to creating a space for insightful articles that contribute to the growth of accounting, auditing, finance, and related fields in the Maldives. Launching this inaugural issue highlights the collaboration that has advanced the accounting profession in the Maldives.

To ensure both relevance and quality in its content, the Committee established a structured framework for the journal, issued a call for articles and author registrations aiming to ensure that professionals across the field have opportunities to share their expertise and insights.

Each article featured in this issue has been carefully reviewed for relevance, clarity, ethics, and technical accuracy. The Committee maintains editorial independence, and all opinions expressed within the journal articles belong solely to the individual authors.

We extend sincere appreciation to the authors, reviewers, and the dedicated team whose efforts ensure the high standard of quality throughout this publication. Special thanks are also due to our readers, whose continued engagement keeps the journal rooted in public interest.

This publication marks only the beginning of the CA Maldives Journal, and we look forward to its growth and continued contribution in the future.

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Evolving Beyond the Waterfall Approach: Adopting Agile Auditing

We are experiencing transforming and complex business trends, intense innovation which is leading to changing business landscape. With these global forces, the role of internal audit is more crucial to the total success of an organization more than ever and this is indicated by increasing stakeholder expectations from internal audit functions. Therefore, internal audit's ability to enhance capacity to create, protect and sustain value must adapt accordingly to the emerging challenges. This necessitates a shifting from a traditional approach to auditing (i.e. waterfall).

By ***Rabeea Ibrahim***

Internal Auditor at State Trading Organization (STO)

Introduction to agile auditing

Agile originated in 2001 with the evolvement of IT projects from the formal waterfall models to more efficient models, collectively known as Agile (IIA Financial Services Audit Center, 2018). While the agile methodology originated more than twenty years ago, internal audit functions began incorporating agile principles in 2013. The adoption of agile auditing accelerated around 2017, and today, it has become a widely accepted practice that continues to gain traction within the profession (Catlin & Watkins, 2021).

Agile auditing is the value-based mindset and methods an audit function adopts to provide quicker audit results and timely information to stakeholders. As opposed to traditional audits, agile audits are designed to be flexible and iterative. Today, most Agile Audits are conducted by breaking the audit timeline into a number of sprints typically lasting two weeks each. As new risks emerge or weaknesses are identified, it can be added to the next sprint focusing on being flexible and delivering value faster (Wright, 2023).

Benefits

The waterfall method is limiting the ability to evolve with dynamic risks and growing stakeholder needs (Bell, 2024). Internal auditors need to deliver results faster, address risks sooner and increase their engagement with stakeholders.

Delivers value with faster results

Auditors often feel unwelcome as few people want the extra work that comes with an audit. From an auditor's perspective, it can be frustrating to spend months on an audit only for its relevance to be questioned in negotiations in exit meetings.

When agile approaches are adopted in internal auditing, the audit team can focus on areas which is going to add value to the organisation. Agile auditing will deliver results that are better aligned with organisations objectives, and provide real-time assurance rather than retrospective assurance. This is evident as the 2017 State of Internal Audit Profession Study shows that 88% of stakeholders with Agile Internal Audit functions report that internal audit is adding significant value compared to 41% of stakeholders with less Agile functions (Kristall, Mack, Torcasi, & Basden, 2017).

> With the change in mindset, auditors need to be equipped with agile competencies

Increased engagement

Without a strong relationship, auditors and auditees can become obstacles for each other. This can be a reason why at the end of audit engagements, auditors are left with the feeling that the already tense relationship with the auditee is strained during the audit. Although both parties have been assigned with the same goal of bringing value to the organisation, there are times when they are working against each other.

Agile auditing can result in greater buy-in from both the auditee and auditors. One of key aspects of agile auditing is collaboration. Auditors communication and engagement with auditee throughout the audit builds collaboration and psychological safety which can result in auditees' buy-in on audit observations (Lucas C.,2023). In addition, auditors will also feel more connected and in control of the audit.

Addresses risk exposure sooner

Agile provides an opportunity for internal audit to respond to change (Rathod, 2024). Auditors are provided with tools necessary to update the audit scope or even modify the focus altogether based on new information. This also helps in taking on projects that will add more value to the organisation.

Challenges

Change in mindset and investing in competencies

Standard and rigid process as set forth in traditional waterfall audit approach are used in most organisations today (Lucas C. , 2023). Therefore, a change to agile methods can be uncomfortable when auditors have relied on waterfall method for many years. With the change in mindset, auditors need to be equipped with agile competencies (KPMG, 2020). Therefore, investing in training, tools and talent is paramount to create agile audit functions.

Conclusion

Agile auditing is not just a buzz word - it is a useful and effective technique to address the pain points in the internal audit profession. Internal audit functions may quickly lose their significance if the traditional approaches to audit are used when risks are changing with radical velocity. Yet, many internal audit functions are afraid to make the transition or struggling with the change. This is understandable because a change in mindset and cultivating a culture of learning and experimenting is no easy task.

The transition to auditing with agility does not have to be overwhelming. Internal Audit Functions can focus on "being agile rather than doing agile" (Lucas C. , Beyond Agile Auditing, 2023, p. 101). This means prioritizing adaptability and responsiveness over strict adherence to agile methodologies just for the sake of doing it. This shift can be achieved in stages by making small incremental changes and adapting methods that fit best. Although the road may seem to be filled with challenges, the benefits that can be reaped such as increased efficiency and adaptability will make the journey worth it.

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Paradise to Portfolio: Bringing Tourism to the Capital Market

A Market Full of Potential Yet Untapped

The Maldives Capital Market, like many frontier markets, is still in its growth stage, building credibility and momentum **one listing at a time**, and taking steady, guided steps that have been compounding into trust and depth. We recognize that the pace of our growth has been limited by the fact that tourism – the engine of the real economy – remains **inadequately represented** in the market. At present, the only tourism-linked company listed is the Maldives Tourism Development Corporation (MTDC), which holds island leases and does not operate resorts directly. Therefore, the core of the tourism sector remains outside the market.

Relative to regional peers, the Capital Market of the Maldives is small, with only nine companies listed on the Exchange – significantly fewer compared with 285 listings in Sri Lanka, and more than 500 in Pakistan. Our market capitalization is **MVR 36 billion (USD 2.3 billion)**, but a significant portion of listed companies are State-Owned Enterprises (SOEs) (six out of nine), and shares of these companies are mostly held by the Government of Maldives (GOM holds close to 30% of market cap). This concentration of ownership reduces the volume of the **free float** – the shares available for trading – and this is one of the factors that largely dampens secondary market trading activity.

Historically, the strategic pathway of most listings has been a result of regulatory conditions, or by policy backed privatization efforts of respective governments. While political will and policy drives have helped the market take important first steps, for sustainable market growth, companies must

By ***Aushan Latheef,***
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find listing attractive on its own merits and take voluntary action. To this end, to make listings a compelling choice for Issuers, the Exchange and the Regulator, Capital Market Development Authority (CMDA) are actively working to expand the market's appeal by learning from regional exchanges, enhancing the infrastructure and reforming regulations.

The building blocks of a robust capital market are firmly in place. CMDA, in its dual role as Regulator and Developer, has driven significant reforms, setting strong foundations. We have multiple licensed market players, and the Exchange (MSE) and Depository (MSD) have delivered the necessary technology infrastructure while serving as a committed market operator. Now, the key to activating the market is a continuous stream of listings, innovative products, and broader investor participation.

Maldives in Regional Context

Exchange	No. of Equity Listings	Market Cap (USD)	Market Cap to GDP	Key Tourism Listings
Maldives Stock Exchange (MSE)	9	2.3 billion	28%	None
Colombo Stock Exchange ((Sri Lanka)	~285	14.3 billion	~28%	Multiple listed hotel/resort groups
Pakistan Stock Exchange (PSX)	~524	22 billion	~15%	Hotel industry Representation via group listings
BSE (India)	4,000+	4 trillion	~180%	Several large hospitality and travel groups
Mauritius Stock Exchange	59	6.5 billion	~55%	Leading resorts and tourism holding companies

Sources: Colombo Stock Exchange (2025); SSE Initiative (2025); Stock Exchange of Mauritius (2025); The Global Economy (2024); World Bank / FRED (2024); World Federation of Exchanges (2025); Pakistan Stock Exchange (2025); BSE India (2025).

This comparison shows that while our Market Cap-to-GDP ratio is comparable to Sri Lanka, our listing count is limited, and the tourism sector is absent.

Tourism: The Catalyst for Market Transformation

Tourism is our largest economic driver, contributing nearly **30% of GDP**, and supporting a significant portion of employment. As the 'World's Leading Destination' for the past five consecutive years, Paradise, and what we have to offer with its scale and international prestige, is the natural next step for our market - to convert into investable opportunities. While our **Market Cap-to-GDP is 28%,** and tourism contributing a similar share to GDP but not to listed market value, reflects a substantial missed opportunity.

A stronger presence of the tourism sector in the capital market could potentially enable retail investors, particularly Maldivians, to have an opportunity for direct ownership in our most successful industry. This would also enable tourism-linked companies to diversify funding sources beyond debt-intensive forms and strengthen public goodwill by aligning tourism success with broader national prosperity. This is possible without compromising ownership control, as IPOs can be structured to provide a modest portion of shares to the public, ensuring retail participation and liquidity while preserving decision-making controls with existing shareholders.

Innovative Pathways for Tourism Financing

Beyond conventional equity listings, tourism companies can tap the market through innovative pathways tailored to their scale of operations, their capital requirements and broader sustainability agenda of the Maldives.

Companies can take the pathway to promote **inclusive ownership** through **Employee Stock Option Plans (ESOPs)**, to allow long-standing employees ownership opportunities, helping to retain talent, align interests, and provide a base of long-term shareholders. This route paves the way for a public offer targeted at a specific audience while ensuring retail participation.

For **medium-term growth or working capital**, companies can issue debt instruments through Viyana, allowing access to capital while remaining **privately owned**. This pathway is ideal for companies that require capital but want to restrict dilution of ownership.

Sustainability linked financing can also be explored as seen in the case of Cabo Verde, a small-island nation, which launched a Blu-X sustainable finance platform in collaboration with UNDP to list and trade blue, green, social, and sustainability bonds ("About Blu-X", 2025). Maldives could adopt similar instruments to finance projects focused on renewable energy, coral restoration, or waste management. This would align investments with the UN Sustainable Development Goals (SDGs) and potentially increase foreign investor participation.

Creating the Conditions for Market Take-Off

Connecting tourism and the capital market requires enabling policies and coordinated support. For tourism companies to have the confidence to take this step, collaboration between the Exchange, Regulators, Government and Tourism Industry Leaders is essential.

Several enablers could potentially accelerate the progress of inclusion of tourism in the capital market. A powerful first step could be to ease the cost of going public through **financial incentives.** Temporary tax holidays or preferential corporate tax rates for newly listed companies would help offset the initial costs and encourage listings.

Tourism companies will also need guidance as they cross over and adjust to operations as public entities. Joint training and workshops by the Exchange, CMDA and Advisors can build confidence and capacity. **Regulatory support** – such as sandbox regulations or phased disclosure requirements – can smooth the transition without comprising governance. At the same time, continuous streamlining of listing rules will enable a faster more efficient listing process, while protecting investor interests.

Finally, a structured **engagement** with tourism community is key. A comprehensive outreach program – backed by data, case studies and clear timelines – can demonstrate the benefits of the capital market as a natural partner in expanding these businesses.

These measures reinforce a simple principle that the market should serve as a partner in ambition, to help scale companies to the next level by making listing an attractive and beneficial opportunity.

A Shared Future Beyond Markets

Tourism is more than a sector in the Maldives; it is the backbone of our economy, the primary source of foreign currency inflows, and the driver of jobs and prosperity. Integrating even a fraction of this sector into the capital market, would create an impact that extends far beyond the Exchange. It would channel domestic savings into productive assets, reduce reliance on foreign debt, and foster a culture of equity ownership among Maldivians. More importantly, it would align the financial success of our strongest industry with the aspirations of our people.

A resort IPO or the issuance of a tourism-linked bond is not only a financing event; it is an opportunity for Maldivians to hold a stake in the industry that defines our global identity. For international investors, it would signal that the Maldives is not only a world-class destination but also an emerging market that is capable of innovation, transparency, and sustainable growth.

The Capital market matters for the purpose-driven growth of the Maldivian economy, and the strength of tourism must be linked to the market to move from potential to performance.

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Sustainability Reporting in the Maldives

Introduction

A heightened awareness is emerging on the relevance of non-financial reports and integrated reporting procedures in corporate reporting. Heightened pressure by governments and regulators and the mounting pressure by investors on issues of greater transparency and accountability have given room to the Sustainability Reporting. According to a study conducted by KPMG (2020), eight out of ten leading enterprises in the world today release sustainability reports to signify the rising need of greater clarity and responsibility. Moreover, Environmental, Social and Governance (ESG) factors become more and more significant in the centre of investment decision-making by stakeholders, which means the necessity to consider sustainability in the context of business action plans and strategies (PwC, 2021).

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Sustainability reporting is a matter of great concern to the Maldives, as it is highly dependent on tourism, susceptible to climate change, and its fishing industry is a delicate matter. The dependence of the country on the international funds is another aspect that contributes to the necessity of having the sustainability reporting initiatives in the Maldives, as a way of positioning itself with the investing trends that are more environmentally cautious. The fact that Maldives is a small island developing state (SIDS), means that it is vulnerable to global sustainable issues, primarily the negative effects of climate change, making it necessary to practice sustainability to meet the sustainable development goals (SDGs) of the United Nations (UN).

The present financial reporting fails to provide substantive accounts on how organizational operations affect their stakeholders like the society and the environment it operates in. According to Harrison and Wicks (2013), generating value to various stakeholders can improve performance and in effect, it can make the business succeed in the long run, generating competitive advantages. Sustainable measures and metrics are important in order to get a picture of the organizational performance which is holistic. Created in the late 90s, the Global Reporting Initiative (GRI) laid the foundations of standardised reporting, and organisations like Task Force on Climate-related Financial Disclosures (TCFD), International Sustainability Standards Board (ISSB) and the Sustainability Accounting Standards Board (SASB) have expanded the use of non-financial reporting, including Sustainability Reporting. The framework of GRI and TCFD remains the most utilized by the elite organizations worldwide (KPMG, 2020). The purpose of these frameworks cannot be reduced to accountability and transparency only since it also allows comparing results across various jurisdictions and even more brings the organizational activities closer to global sustainable goals.

Current Practices of Sustainability Reporting in the Maldives

Infant Stage of Implementation

Reporting on sustainable practices is at its early age, and the publication of the report by State Owned Enterprises (SOEs) is primarily a result of a regulatory obligation. It appears that the private sector is trailing in compliance because it is not a statutory requirement. This means that the organizations in the Maldives are not yet fully aware of the possibility of the sustainability disclosures having an added value to the organizations.

Multiple frameworks in place

It was seen that two primary frameworks were established, with Privatization and Corporatization Board (PCBs) framework coming into action since the beginning of 2024(the first report being released in the year 2023).

Capital Market Development Authority (CMDA) has recently issued its framework (Q4 2024) and its staged roll-out will start in 2025. Certain SOEs are disclosing according to their own systems, which makes standardization and comparability of the various reports of SOEs an uphill task.

Factors Influencing the Adaptation of Sustainability Reporting

Regulatory Mandates and External Pressure

Regulatory compliance is the main force that is behind the adoption of sustainability reporting. In the case of SOEs and PLCs, the CMDA and PCB have developed a compliance-based implementation framework. Moreover, the expectation of external stakeholders is also crucial as a force that drives adaptation. As an example, the demands of suppliers and non-governmental organizations take a central role in motivating organizations to make decisions on sustainability reporting adaptation. This aspect may prove essential since investors, and even financial institutions, demand more transparency and accountability.

Due to this pressure, there is a possibility that misleading disclosures be made by organizations to present themselves as being more socially responsible than they actually are. To avoid such a risk and safeguard the interest of the stakeholders, the regulatory bodies should take necessary strict measures to bring about an assurance on the reports being issued. Before being mandated by PCB, SOEs reported on ESG & CSR activities in their annual reports, with much focus on the CSR aspect of the activities.

Issues and prospects of applying Sustainability Reporting

Awareness and knowledge deficit

The main issue that may arise initially is the lack of awareness of the sustainability framework and the difficulties in collecting and measuring the data that should be presented. Many organizations may not be familiar with concepts such as ESG metrics or sustainability disclosures, leading to low compliance and engagement. Furthermore, even among those who are familiar with the framework, significant difficulties may arise in collecting, quantifying and validating data required for disclosure. This is particularly true for Small and Medium sized enterprises (SMEs).

Poor exiting mechanisms to collect data

The volume and complexity of data relating to environment, social and governance, which are mainly of non-financial nature might result in incomplete and inaccurate reporting. This is a risk because it discredits the report and may end up damaging the trust with the stakeholders.

Appealing to Sustainable and Compliance driven Investors

Through publication of sustainability reports, organizations will be in a better position to attract and access international financing/investors. This will positively favour the country's' ability to raise finance in the long-run by attracting those investors who are keen on investing money responsibly. Many investors are likely to believe that strong ESG practices will yield higher returns in the future.

Additionally, it was found that nearly 80% of the global investors consider a company's report on carbon footprint and its commitment to reducing greenhouse gas emissions, when making new investments (Morgan Stanley, 2024).

Global Leader Potential

Mass implementation of sustainability reporting throughout the Maldives can help attract environmental conscious investors for keys sectors such as tourism and fisheries. The country will be branded as a nation that embraces and promotes sustainable activities to conserve natural resources for future generations.

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Enabling SME Growth Through Accessible Shariah-Compliant Financing

Enhancing Internal Audit Practices in Maldivian Organizations

What is Internal Audit?

The Institute of Internal Auditors (IIA) states that internal auditing is an independent, objective activity that produces both assurance and advisory outputs that can improve organizational performance. Internal audit effectively maximizes risk-management, control and governance procedures to facilitate the achievement of organizational goals by employing a systematic, disciplined approach to undertaking audit activities (The Institute of Internal Auditors, n.d.).

Current State of Internal Audit in the Maldives

The internal audit environment in the Republic of Maldives is currently undergoing a high degree of organizational maturity with a growing number of entities recognizing the strategic role that strong internal audit functions play. Despite all this progress, there remain several important hurdles to continue for the development of the sector. One of the main issues is the lack of qualified internal auditors, which has led to the relaxation of eligibility criteria for Chief Internal Auditors in State-Owned Enterprises (SOEs) as there have been persistent talent shortages (Privatization and Corporatization Board, 2025). Another challenge is the lack of standardization of internal audit in SOEs; while many organizations have set up internal audit departments, lack of consistent application of audit programs and limited compliance with established frameworks has undermined audit quality (Corporate Maldives, 2023). Also, there is lack of the technology of auditing as many institutions have not acquired the digital tools required to perform modern audit with a risk-based approach efficiently (Free Maldives Today, 2025). These challenges prevent the adoption of effective and robust internal audit structures at the national level.

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Strategic Recommendations to Overcome Key Barriers

1. Addressing the Shortage of Qualified Internal Auditors

To mitigate the talent shortfall in internal auditing, organizations should implement a structured competency model that outlines the qualifications, skills and ethical standards required by internal auditors. This framework should be underpinned by formal audit charters and clear reporting lines to ensure independence and accountability. Capacity building can be achieved by enrolling staff in specialized training programs. The Institute of Professional Education (IPE) Maldives offers relevant courses such as Training on Annual Risk Assessment and Planning and Essentials of Internal Audit (IPE Maldives, n.d.).

Furthermore, organizations may engage reputed global firms such as Deloitte, EY, KPMG and BDO to provide customized internal audit training, which will include risk-based planning, audit methodology, and data analytics. The Internal Audit Association of Maldives (IAA Maldives) serves as a central body for internal auditors, fostering professional development through capacity-building initiatives, collaborative engagement, and strategic advocacy aimed at aligning the national internal audit profession with international standards (Talent.mv, 2025). In addition, outsourcing specific audit areas to these or other certified firms can help address talent shortage while maintaining audit quality and regulatory compliance.

2. Standardizing Internal Audit Practices Across SOEs

To reduce inconsistency in the implementation of internal audit work, the SOEs should implement standardized, internationally aligned audit procedures, including the International Standards on the Professional Practice of Internal Auditing (IPPF) issued by the Institute of Internal Auditors (IIA). Although the Corporate Governance Code requires SOEs to put in place internal audit functions, the real execution of these functions is of wide variation among entities. As such, Privatization and Corporatization Board (PCB) may draft an integrated internal audit guide that is specific to the Maldivian context detailing the process, reporting lines, and quality standards. Also, SOEs must have internal audit quality reviewing performed by the PCB or at least by an independent oversight body as a way of ensuring adherence, consistency, and improvement in audit practices.

3. Improving Investment in Audit Technology

It is necessary to modernize audit tools to improve the efficiency and effectiveness of internal audit functions in Maldives. The use of digital audit software can be used to analyze data with more accuracy, perform auditing continuously, and enhance compliance monitoring. To assist financial auditors with implementing IT audit procedures within the traditional audit to enrich the audit coverage and control testing, the Auditor General Office has offered an Information Systems Audit Toolkit (Auditor General's Office, 2025). Maldivian organizations that want to modernize their approach to internal audit are also suited to such globally recognized services as AuditBoard OpsAudit, Workiva, and GoAudits (Expert Insights, 2025; Cyber Sierra, 2024). These are tools with facilities like automated processes, centralized dashboards, and real-time risk evaluation.

Conclusion

The Maldives internal audit environment is gradually changing, where there is growing awareness of its strategic importance within the public and the private sector. Even with this development, the industry is still facing two major challenges, namely skill shortages, lack of uniform practices among State-Owned Enterprises (SOEs), and the low adoption of modern audit technologies.

The approach to these problems requires a unified national response, and that is why it is important to introduce structured competency models, audit methodology, and digital audit tools and professional training. The organizations best suited to lead this change are those with strong capacity-building efforts and technical know-how like the Institute of Professional Education (IPE) Maldives, the Internal Audit Association of Maldives (IAA Maldives) and the international consultancies, which include Deloitte, EY, KPMG and BDO.

The growing complexity and competitiveness of the Maldivian economy is a condition requiring an enhancement of the internal audit functions to maintain the strong governance, the efficient risk management, and long-term organizational performance. The future development of internal auditing in the Maldives will depend on not only the long-term appreciation of its inherent value but also the introduction of practical changes that will make audit excellence the foundation of the institutional functioning.

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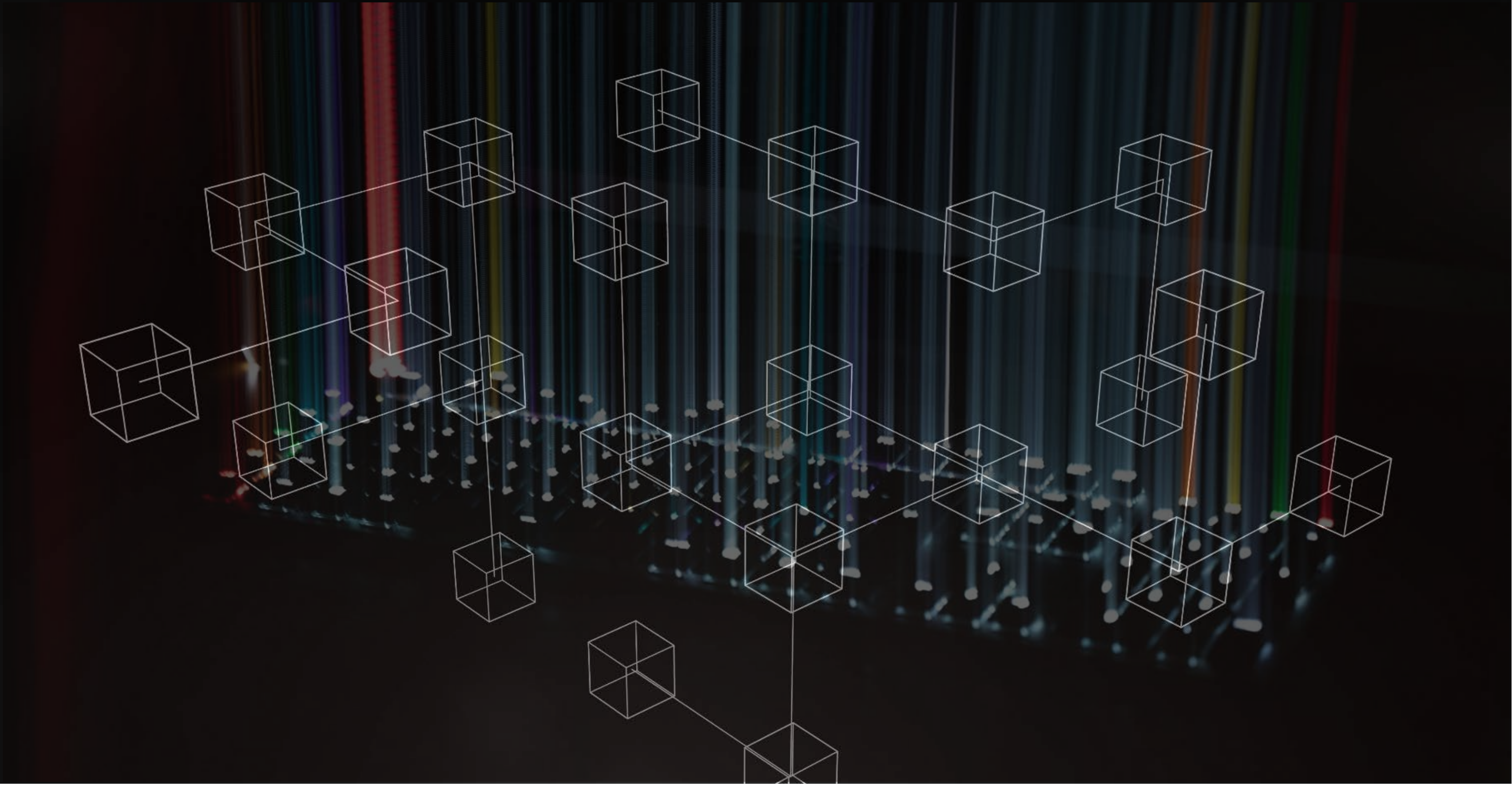


IT Controls Assurance – An Imperative in the Digital Era

Information and technology (I&T) are changing the world around us dramatically. The emergence of technologies such as mobile computing, cloud computing, artificial intelligence, internet-of-things, blockchain, etc. not only make us dependent on technology more than ever before but also influence the way we do things. Even the modern enterprises, whether for-profit or not-for-profit, are not immune to this evolution. Contemporary enterprises embrace these I&T-related advances to remain competitive in their businesses and as result, the underlying business models themselves have become unprecedentedly information and technology centric.

By ***Rukshan Bharatha***

Partner in Deloitte's Control Assurance practice in Sri Lanka

How critical I&T are to modern enterprises

While conventional economics refers to four factors of production – land, labour, capital, and entrepreneurship – I&T are increasingly recognised as a fifth factor of production. This is because almost all contemporary enterprises integrate technology and leverage information with their business strategies to create value. The following realties prove this proposition further:

- I&T-enabled investment in enterprises is no longer an option, it is a must.
- I&T is an inevitable enabler of corporate and business strategy.
- I&T is the lifeblood of today's enterprises.
- Harnessing the value of data is the key for competitive advantage.

> I&T are increasingly recognised as a fifth factor of production because almost all enterprises integrate technology and leverage information to create value.

The advances of machine learning, data science, and predictive analytics compelled enterprises to use I&T more and more, because of the unprecedented need for data for data-driven decision making.

Further, the rapid adoption I&T in business processes has made a profound impact on the system of internal controls of businesses by shifting the conventional manual system of internal controls to digital platforms allowing organisations to implement more robust controls. Moreover, technologies such as robotic process automation (RPA), generative AI, and blockchain are offering new avenues for enterprises to grow and create value for its stakeholders.

Typically, enterprises leverage the value of I&T and create value for the stakeholders through a discipline referred to as strategic business-I&T alignment. As a result, I&T and the business strategy of the enterprise are interwound and governed together to accomplish goals and objectives of the enterprise.

Is the value of I&T risk free?

The value of I&T that fuels business strategies of modern enterprises does not come risk free. I&T-related risk is an existential condition of digitally enabled business investments whether or not the enterprise identifies its sources or recognises its potential consequences. Given the pervasive nature of the risks related to I&T, the strategic objectives of the enterprise could be jeopardised if those risks materialise.

At a high level, I&T-related risks could be categorised broadly into four areas, and they are as follows:

- I&T benefit/value enablement
- IT program/project delivery
- IT operations and service delivery
- Cyber and information security

> I&T-related risk is an existential condition of digitally enabled business investments.

As the implications of I&T-related risks are widespread, it is better not to depict it with a hierarchic dependency on one of the other risk categories – strategic, environmental, market, credit, operational, compliance – rather depict it as the foundation on top of which all other risks reside.

A non-exhaustive list of I&T-related risks that digitally enabled business investments assume is given below:

- Failed IT initiatives or delivered IT projects not creating expected business value.
- IT projects are not delivered in a manner consistent with business plans.
- Delivered IT services fall short of business expectations.
- Failure to meet regulatory or contractual requirements such as privacy regulations.
- Excessive end-user access compromising segregation of duties in business processes leading to frauds and/or errors.

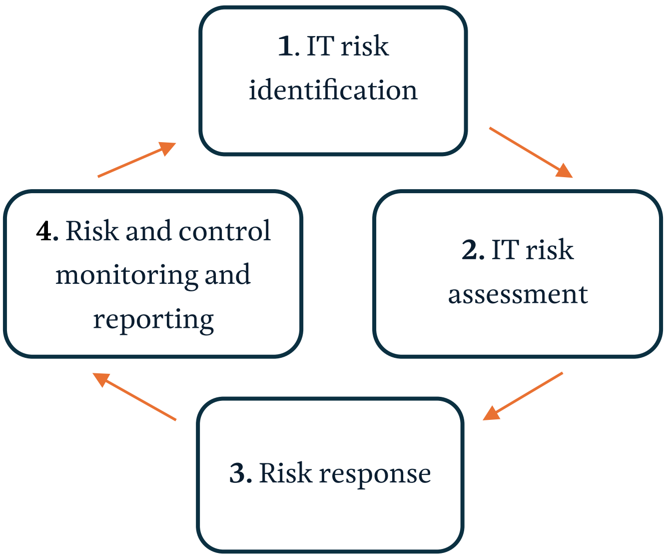
As implications of I&T-related risks are widespread, it is more appropriate to view them as the foundation on top of which all other risk categories reside.

- Direct access to data risking the business data integrity.
- System misconfigurations resulting end-user actions are not authenticated, authorised, or made accountable.
- Unauthorised changes to applications or programs negatively impacting business logics.
- Unauthorised changes to databases causing business interruptions.
- Unauthorised changes system software such as operating systems, domain controllers, network components, etc. risking stability of IT systems supporting the business.
- Data migrations introducing data errors affecting business decisions.
- Unauthorised users gaining access to information systems risking confidentiality of affairs of the business.
- Unauthorised access to equipment in the data center risking the physical security of IT systems supporting the business.
- Business interruptions due to DR and BCP not aligned with the business.
- Legal penalties, reputational damages resulting from data breaches.
- Loss of business value due to cyber-attacks, cyber extortion, and/or information theft.
- Artificial intelligence systems producing incorrect results leading to inaccurate business decisions.
- Third-party and supply chain risks causing business interruptions.

Why assurance over IT controls is critical

A sound programme is necessary for the management of I&T-related risk to ensure that the resulting exposure is within the risk appetite of the enterprise, and they do not hinder or prevent realising the intended benefits out of I&T-enabled business investments. Otherwise, these risks have the potential to become strong headwinds.

The following diagram illustrates the cyclical process generally adopted to manage I&T-related risk in practice.



When it comes to the third phase – Risk response – of this lifecycle, out of the four options – accept, mitigate, transfer, avoid – that are typically available to respond to risks, in most cases, enterprises opt for mitigation, and this is typically achieved through implementation of IT controls.

I&T-related risk mitigation is typically achieved through implementation of IT controls. If there is no assurance over their effective design, implementation and operation, enterprises run the risk of not realising value out of I&T-enabled business investments.

When implementing IT controls, it is important to strike a balance between the control categories – deterrent, preventive, compensative, detective, and corrective – and the controls methods – administrative, technical, and physical so as to achieve the desired level of defence in depth. Further, they should be implemented by taking people, process, and technology layers into account.

As IT controls act as mitigants for assessed I&T-related risks, they play a critical role to make sure that the risk management plan in place is effective. Hence, it is critical for enterprises to obtain assurance over IT controls as to their effective design, implementation and operation. If not, enterprises run the risk of falling short of or not realising the intended value from I&T-enabled businesses due to negative consequences as a result of materialising risks related to I&T.

Further, the frequency of assurance activities over IT controls should be in line with the level of inherent risk that they mitigate. That is the frequency of assurance activities over IT controls mitigating a high-risk scenario should be higher than that of a low-risk one.

The outcome of the IT controls assurance exercise should be weighed against the risk appetite of the enterprise to evaluate the effectiveness and efficiency of those controls. The controls that are not designed and /or implemented and/or operating as intended to mitigate the I&T-related risk need to be revisited. Additional controls may be appropriate to mitigate I&T-related risks emerged as a result of changes in the I&T-related risk profile of the enterprise.

Conclusion

As contemporary enterprises are persistently looking at venturing into digitally enabled business investments to create value to their stakeholders, I&T-related risks connected with such investments need to be managed through a sound programme of risk management so as to ensure the intended value out of such investments are realised. As IT controls play a critical role as mitigants in the I&T-related risk management programme, assurance over those controls immensely contributes to the overall success of management of I&T-related risks to digitally enabled business investments.

Breaking the Glass Ceiling: Advancing Gender Diversity on Corporate Boards in the Maldives

Introduction

Gender diversity on corporate boards is increasingly recognized as a vital element for enhanced corporate governance, innovation, financial performance, and reputation worldwide. Beyond gender, board diversity encompasses factors such as age, ethnicity, and professional background, all of which improve decision-making quality (Harvard Law School Forum on Corporate Governance, 2017). However, women remain globally underrepresented in boardrooms, holding only about 23.3% of board seats as of 2023 (Sustainable Stock Exchanges Initiative, 2024), and occupying even fewer senior leadership roles such as CEOs or board chairs (International Finance Corporation, n.d.). This persistent global gender gap also characterizes the Maldivian corporate landscape.

Extensive research highlights that companies with greater gender diversity, especially those with at least 30% female board members, tend to outperform their less diverse peers. For example, firms in the MSCI ACWI Index with such representation saw nearly 19% higher cumulative returns between mid-2019 and late 2024 (MSCI, 2024). Diverse boards bring more comprehensive perspectives, leading to better risk management, stronger governance, and increased innovation (Darmawan, 2024). Yet, meaningful influence generally requires achieving a "critical mass" of at least three women on boards, as token representation seldom results in substantive change (Darmawan, 2024).

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Capital Market Development Authority (CMDA)

Within the Asia-Pacific region, including the Maldives, women's representation on boards remains below global averages, reflecting cultural, economic, and regulatory factors. *(Bandi, 2017). This underscores the need for focused interventions to improve gender diversity within Maldivian corporate governance.*

The Landscape of Women on Boards in the Maldives

The Maldives has made significant strides in advancing gender equality across education, politics, and social development *(United Nations in Maldives, n.d.)*. National frameworks such as the 2019 National Gender Policy and the 2022–2026 Gender Equality Action Plan (GEAP) demonstrate government commitment to improving women's participation in leadership and economic sectors *(Ministry of Gender, Family and Social Services, 2022)*. Women in the Maldives achieve parity in education at all levels, and government policies have successfully increased female representation in public governance through quotas. For instance, a 33% quota for women on boards of state-owned enterprises *(Ministry of Gender, Family and Social Services, 2022)* and a one-third electoral quota in local councils boosted women's local council representation from 6% to nearly 40% by 2021 *(Ministry of Social and Family Development, Republic of Maldives, 2024)*.

In contrast, progress in the private sector, particularly among publicly listed companies, remains limited. The Capital Market Development Authority (CMDA) requires listed companies to appoint at least two female directors under its Corporate Governance Code. Despite this, only 40% of listed companies complied in 2023, with the majority having no female directors at all *(Young et al., 2024)This highlights the ongoing challenge of translating policy into practice within corporate boards.*

The underrepresentation of women on boards is influenced by a complex interplay of cultural, institutional, and socio-economic barriers. Women hold just 22.3% of managerial roles nationally, constrained by systemic inequalities, gender biases, and insufficient institutional support. Many workplaces lack gender-responsive policies or mechanisms to address gender-based violence and discrimination. Despite political quotas, female representatives often face marginalization and unequal access to resources, limiting their effectiveness.

Cultural norms emphasize traditional gender roles, with caregiving responsibilities predominantly placed on women, restricting their career mobility and choices. The burden of household work is largely borne by women, with minimal domestic contribution from men, exacerbating work-life balance difficulties. Limited childcare infrastructure further hinders women's ability to engage fully in professional and leadership roles.

Workplace gender biases persist, often affecting recruitment, promotion, and retention, particularly in male-dominated sectors like tourism and STEM *(Shifna, 2021)*. The "glass ceiling" effect confines many women to junior roles, while lack of female mentors and male-dominated executive search networks restrict advancement opportunities *(MIT Sloan Management Review, 2020)*. Women entrepreneurs face additional challenges, including limited access to finance, market opportunities, and collateral, which curtail their potential contribution to corporate leadership pipelines *(United Nations Maldives, 2000)*.

Despite high educational attainment, female labor force participation remains low at around 37%, with women disproportionately represented among the unemployed *(Ministry of Gender, Family and Social Services, 2022)*. Many women are classified as economically inactive, further narrowing the pool of potential female leaders for corporate boards *(Young et al., 2024)*.

These interconnected barriers severely limit the availability of "board-ready" women. Addressing gender diversity in corporate governance requires tackling these systemic issues beyond the boardroom to ensure sustainable progress.

Nonetheless, several positive trends offer a foundation for future advancement. Women's education levels in the Maldives are high compared to regional averages, *(Asian Development Bank, 2007)* and social attitudes are slowly evolving to be more accepting of female leadership. Government support through quotas and gender-focused policies, combined with economic empowerment initiatives like micro-credit schemes *(Asian Development Bank, 2010)*, are opening new opportunities for women entrepreneurs and leaders.

The Benefits of Gender-Diverse Boards

Increasing women's representation on corporate boards offers strategic advantages beyond compliance or social equity. Financially, companies with gender-diverse boards tend to report higher shareholder returns and long-term value creation *(Kumar, 2019)*. Women directors are often associated with stronger corporate social responsibility (CSR) efforts, which contribute to sustainability and stakeholder trust, indirectly enhancing financial performance *(Galbreath, 2016)*.

In governance, women contribute diverse viewpoints that strengthen board oversight, improve risk management, and align corporate actions with shareholder interests *(Kim & Starks, 2016)*. Studies link female board representation to reduced agency conflicts, better dividend policies, and more balanced governance structures, which support long-term corporate health *(Darmawan, 2024)*.

Gender diversity also drives innovation *(Griffin et al., 2023)*. Companies with greater female board representation invest more in research and development, produce more patents, and foster both incremental and breakthrough innovations *(MIT Sloan Management Review, 2020)*. Diverse boards bring greater strategic flexibility, adapting more effectively to market and technology trends *(Deore et al., 2023)*. Early recruitment of women directors can generate a virtuous cycle, attracting further diverse talent and amplifying creativity.

From a reputation and Environmental, Social, and Governance (ESG) standpoint, gender-diverse boards are more likely to lead sustainable business practices and attract socially responsible investors *(International Finance Corporation, n.d.)*. Investor campaigns like State Street's "Fearless Girl" highlight growing external pressure for gender diversity as an essential component of ESG strategies. (Kumar, 2019)Transparent diversity disclosures improve corporate credibility and support access to long-term capital *(Kumar, 2019)*.

In summary, gender diversity on boards enhances financial outcomes, governance quality, innovation, and ESG performance. It represents a long-term investment in corporate resilience and competitive advantage.

International Approaches to Advancing Board Gender Diversity

Globally, countries and organizations utilize a range of strategies to increase women's board representation, balancing regulatory mandates, voluntary initiatives, and culture change.

Mandatory quotas are the most direct regulatory tool, requiring a minimum percentage of female board members *(Principles for Responsible Investment, n.d.)*. Norway's 40% quota, introduced in 2008, rapidly increased women's board representation to over 42% by 2016 *(Harvard Law School Forum on Corporate Governance, 2017)*. Similar quotas exist in France, India, Colombia, and others, with the European Union targeting 40% female representation on non-executive boards by 2026 *(MSCI, 2022)* & *(Baker McKenzie, 2021)*. While effective in quickly raising numbers, quotas face challenges including potential shortages of qualified candidates, company resistance, and mixed effects on innovation and performance (Atinc et al., 2021)Thus, quotas work best when coupled with efforts to expand talent pipelines and address underlying cultural issues *(Smith, 2015)*.

The "comply or explain" model mandates companies to disclose gender diversity policies and progress publicly, allowing firms to explain any non-compliance *(Principles for Responsible Investment, n.d.)*. This approach is common in Canada, Japan, the UK, and the US, relying on transparency and market forces rather than

penalties to drive change *(Baker McKenzie, 2021)*,*(U.S. Government Accountability Office, 2015)*. It is particularly suitable where quotas are politically sensitive or culturally challenging.

Voluntary industry campaigns, such as the "30% Club" and "50/50 Women on Boards," encourage companies to set gender diversity targets and provide mentorship, advocacy, and networking to support women's leadership development. (30% Club, n.d.), (30% Club, n.d.),(50/50 Women on Boards, 2024)These initiatives leverage peer pressure and community to foster sustainable change. Institutional investors, such as large asset managers, have also become influential by using proxy voting and engagement to promote gender diversity, integrating it into broader ESG commitments *(30% Club, n.d.)*.

Sustainable progress requires building talent pipelines through mentorship programs *(30% Club, n.d.)*, leadership training *(Forté Foundation, n.d.)*, and inclusive recruitment practices. Broadening candidate pools by partnering with women's organizations and diversity-focused executive search firms counters male-dominated networks and unconscious biases *(Kumar, 2019)*. Cultivating inclusive corporate cultures that address everyday sexism and foster equal opportunities is essential for retaining women and promoting their advancement *(Shifna, 2021)*. Companies with female CEOs tend to have higher female board representation, demonstrating leadership diversity's role in driving systemic change *(Corporate Women Directors International, 2023)*.

Recommendations for the Maldives

Accelerating gender diversity on corporate boards in the Maldives demands a comprehensive approach involving policy reforms, corporate actions, and societal support.

The Capital Market Development Authority (CMDA) should update the Corporate Governance Code *(Capital Market Development Authority, 2023)* to incorporate clear gender diversity targets or mandatory disclosure requirements for listed companies. Starting with a "comply or explain" framework or a minimum one-woman rule, similar to India, would provide a practical foundation *(Harvard Law School Forum on Corporate Governance, 2017)*. As the talent pool expands, the Maldives could progressively adopt more ambitious targets akin to the European Union's 40% goal *(MSCI, 2022)*. Regular public reporting of board gender composition will enhance transparency, facilitate progress monitoring, and foster market accountability *(Baker McKenzie, 2021)*. The existing 33% quota for women on government company boards sets a precedent for private sector adoption *(Ministry of Gender, Family and Social Services, 2022)*.

At the corporate level, companies should implement inclusive recruitment and succession planning practices that extend candidate searches beyond traditional networks. Partnering with executive search firms specializing in diversity can help identify qualified women candidates *(Kumar, 2019)*. Investment in female leadership development through mentorship, training, and sponsorship programs will strengthen the pipeline of board-ready women *(Hotelier Maldives, 2025)*. Addressing unconscious bias and promoting inclusive cultures *(Shifna, 2021)* is critical to dismantling the glass ceiling and enabling women to thrive across industries *(United Nations in Maldives, n.d.)*. Striving for a critical mass of at least three women directors will ensure meaningful influence rather than symbolic presence *(Darmawan, 2024)*.

Broader societal initiatives are equally crucial. Collaboration between government and the private sector to improve childcare services and encourage men's active participation in domestic duties *(Asian Development Bank, 2007)* can help alleviate women's work-life balance constraints *(Hotelier Maldives, 2025)*. Public awareness campaigns and educational programs promoting female role models and challenging stereotypes can shift social attitudes about women's leadership roles *(United Nations Maldives, 2000)*. Enhancing women's access to finance and business support services through targeted loan schemes and capacity-building programs will empower women entrepreneurs and expand leadership pathways *(United Nations Maldives, 2000)*.

By integrating efforts across policy, corporate governance, and social spheres, the Maldives can build a sustainable ecosystem that fosters gender diversity on corporate boards and promotes inclusive economic growth.

Conclusion

Gender diversity on corporate boards is a strategic imperative with profound benefits for financial performance, governance, innovation, and corporate reputation. For the Maldives, advancing women's representation on boards aligns with national development priorities and global gender equality goals. While the country has made significant progress in education and public sector representation, private sector board diversity remains limited due to persistent cultural, institutional, and socio-economic challenges.

Addressing these challenges requires a multi-dimensional strategy involving government mandates, corporate initiatives, investor engagement, and societal change. Updating regulatory frameworks, promoting inclusive recruitment and leadership development, and fostering supportive corporate cultures are essential steps. Simultaneously, societal reforms to redistribute domestic responsibilities, challenge stereotypes, and empower women entrepreneurs will strengthen the pipeline of future female leaders.

Through coordinated action and sustained commitment, the Maldives can enhance corporate governance, stimulate innovation, and foster sustainable, inclusive growth. By doing so, it will position itself as a leader in gender-inclusive development within the region and contribute meaningfully to the global pursuit of gender parity *(Asian Development Bank, 2014)*.

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CA Maldives' Key Highlights from 2025

This was a year of momentum for CA Maldives, marked by practical forums, regional leadership, and a clear push to align the profession with technological, regulatory, and sustainability imperatives. From focused practitioner gatherings to international standard-setter meetings, CA Maldives delivered events that moved conversations from theory to implementation and equipped finance and audit professionals with tools to lead change across the Maldives.

CA Maldives Council Members at the Annual General Meeting 2025

CA Maldives has formalized strategic partnerships in 2025 with Maldives Monetary Authority (MMA), Bank of Maldives (BML), State Trading Organization (STO), and Public Service Media (PSM) to accelerate capacity building, broaden practical exposure, and raise public understanding of the accounting and auditing professions.

MoU renewal between CA Maldives and Auditor General's Office

MoU signing between CA Maldives and Maldives Monetary Authority

MoU signing between CA Maldives and Bank of Maldives

MoU signing between CA Maldives and Public Service Media

MoU signing between CA Maldives and State Trading Organization

Strengthening Global Accounting Ties

CA Maldives' Engagement with IFAC Leadership at IFAC Connect Asia Pacific 2025.

CA Maldives council members met with the President of the International Federation of Accountants (IFAC), Mr. Jean Bouquot, Deputy President Ms. Taryn Rulton, and CEO Mr. Lee White

17th AOSSG Annual Meeting (Nov 2025)

The Maldives hosted this event for the first time, with 41 delegates from 21 jurisdictions, facilitating stronger regional representation.

Key Forums and Events

Members' Forum (Feb 2025)

Members' Sports Event (May 2025)

Auditors' Forum (July 2025)

CFO Forum (Aug 2025)

IFRS Forum (Nov 2025)

Maldives Accountants Forum (MAF) (Oct 2025)

CA Fun Run (Dec 2025)

Maldives Tax Forum (Nov 2025)

Women in Tax (Dec 2025)

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