

ON TARGET

e-Mag of the Institute of Certified Management Accountants
March-April | Vol 30, NO 2 2026

STRATEGY | FINANCE | MANAGEMENT

THE NUMBERS GAME IN THE GEOPOLITICS OF DESTRUCTION



CMA
AUSTRALIA • NEW ZEALAND



Certified
Management
Accountants

ICMA COUNCIL

Chairman

Prof Michael Tse
BA, MCom, PhD, FCMA

President

Prof Brendan O'Connell
PhD, CA, CPA, FCMA

Vice President

Mr David Cartney
MA (Hon), CA(Scot), CA(Aust), FCMA, FCPA, FAICD

Hon. Secretary

Mr Hans Ferdinand BBus(B&F),
FCMA

Hon. Membership Committee Chair

Ms Roshani Perera
MBus (Acc), CPA, FCMA

Hon. Education Committee Chairman and CEO

Prof Janek Ratnatunga
MBA, PhD, FCA, CGBA, CMA

Hon. Treasurer and Deputy CEO

Dr. Chris D'Souza
BComm, PhD, FCA, FCMA, CPA

Editor (ANZ)

Keshan M Warakaulle
BEc, M.Econ, MCIM, MBA

Emeritus President

Dr Leon Duval
MBus (Acc), PhD, CA, FCMA

Immediate Past President

Prof Michael Tse
BA, MCom, PhD, FCMA

Web Master

Mr Jehan Ratnatunga
BEng, BCompSc

The Content of this eMagazine has been contributed by members of ICMA for the exclusive use of other ICMA members for their educational and professional development.

The ICMA hosts this magazine as a 'creative marketplace' bringing together content provider members who upload interesting articles they have come across that they believe that other management accounting professionals would like to peruse for their educational and professional development. As a 'creative market- place' On Target is protected by the Digital Millennium Copyright Act. Although ICMA constantly monitors the uploads for copyright violations; if an article or image has been uploaded by a member without obtaining the required authority, please contact ICMA on www.cmawebline.org, and the material will be taken down immediately

KEY HIGHLIGHTS OF ICMA(ANZ)

Headquarters	Australian and New Zealand body based in Melbourne, Australia and Auckland, New Zealand. Regional Offices in 20 countries.
Flagship Qualification Obtained	The flagship qualification is certification as a Certified Management Accountant . The CMA post- nominal is widely recognized globally and offered by many leading management accounting bodies globally including bodies in USA and Canada.
Global Recognition of Qualifications	Widely recognized across the world with members in 116 countries and a very large membership base across Australia, New Zealand, Asia, Africa and the Middle East. Membership is exclusive , with all CMAs needing to have a degree (or equivalent), complete the CMA program and have 5-years of senior level experience.
NZ Government Recognition of Qualification	The two subjects of the Certified Management Accountant (CMA) credential have now been assessed for equivalency on the New Zealand Government's Qualifications and Credentials Framework (NZQCF) at Level 9 (master's degree level).
Membership Grades	Certified Management Accountant (CMA) - NZQCF level 9 (Masters) Associate Management Accountant (AMA) - Graduate Diploma Graduate Management Accountant (GMA) - NZQCF level 7 (Graduate) Registered Business Accountant (RBA) - NZQCF level 6 (Advanced Diploma) Registered Cost Accountant (RCA) - NZQCF level 5 (Diploma) Certified Accounting Technician (CAT) - NZQCF level 4 (Certificate)
Other Certifications	Certified Global Business Analyst (CGBA)
Member Benefits	Digital Certification of Credentials Continuing Professional Development (CPD) opportunities (Physical & Zoom) Participation in International Conferences, Seminars & Webinars Members Area on website with latest news, articles, blogs and videos. On Target eMagazine (monthly) Research Publications & Journals Regional & Global Networking Opportunities Credit in University Courses (pathways to MBA and DBA at discount rates) Comprehensive Library, etc.
CMA Program	The CMA intensive program from ICMA (Australia & NZ) is world-recognised as the benchmark for those in (or aspiring to) leading roles in strategic finance. The principal benefit participants value most is the training, knowledge and experience gained in completing the flagship 'CMA program' in multiple areas of strategic cost management and business analysis including environmental, social and governance (ESG) issues.
Entry Criteria	The entry qualification is a degree in accounting/finance or MBA or a professional accounting qualification like CA or CPA; and 5-years professional experience. [if students only have 3 years, they can start as an Associate Management Accountant].
Dual Certification	When participants complete CMA they will automatically get 2 certification CMA and CGBA - Certified Global Business Analyst.
Program Dynamics	CMA (Zoom as well as Face to Face) is more of an applied practical knowledge-based course (like an MBA plus numbers) with case studies, simulation games, role playing etc., and it is designed to help participants to immediately apply all the learning in their workplace. 5-years' experience is required to obtain Certified Membership (CMA).
International Trainers	CMA program is delivered by very senior international trainers with significant C-Suite practical experience.
Work-based Assessments	Keeping this applied learning focus in place CMA has now done away with exams and assessments are based on application of the knowledge to your own workplace.
Workplace Relevance	These assignments have helped participants immensely in their workplace and participants have regularly reported getting commendations and promotions in their roles because of their applied nature
Assessment Language	Assignments can be submitted in English (or with permission in the local language of the country).

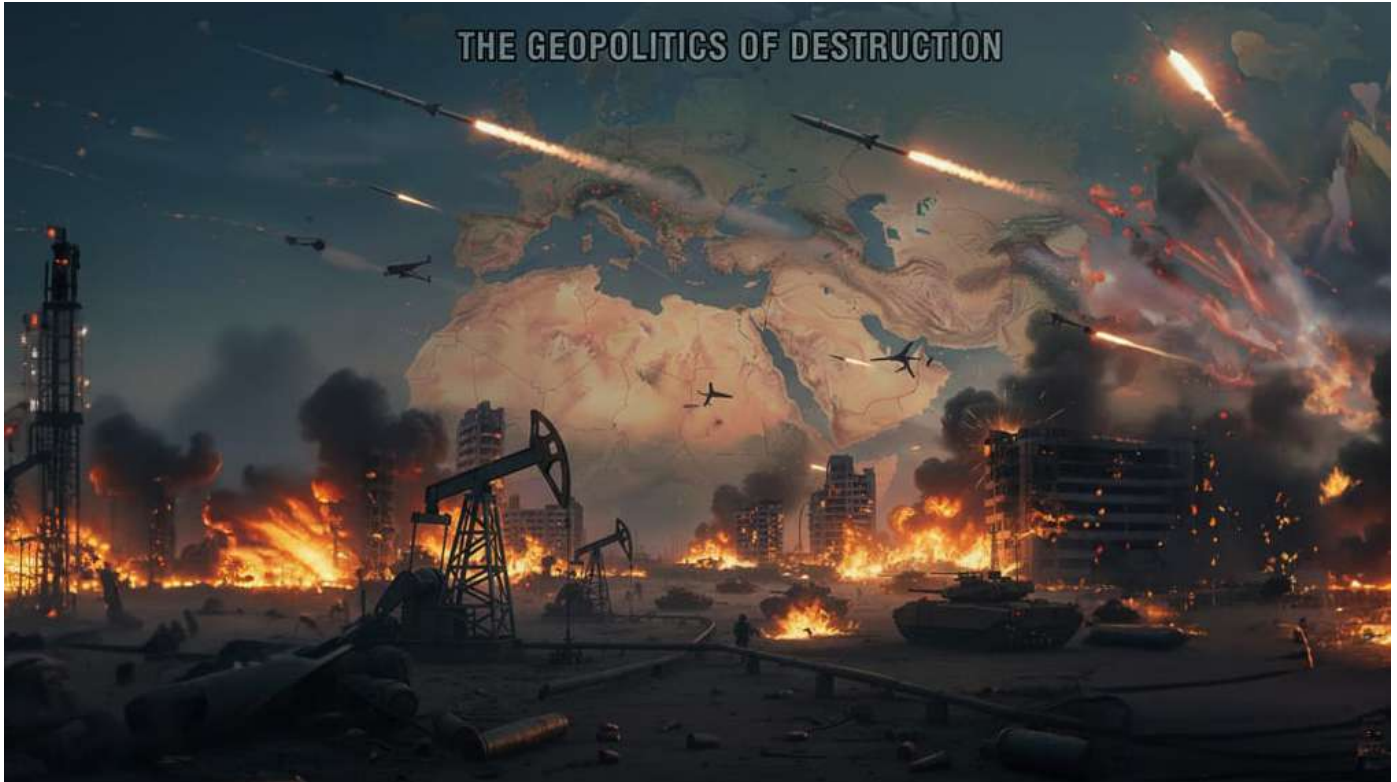
Contents

The Numbers Game in the Geopolitics of Destruction	4
An Anatomy of Bank Fraud	8
The Great Compression:Executive Anxiety in an Age Where Everything Collides	13
Gold is meant to be a 'safe haven' in uncertain times. Why is it crashing amid a war?	16
Could the Middle East conflict open the door to price controls? Here's how it works in Greece	18
An attack on the world economy	20
REGIONAL OFFICE & BRANCH NEWS Global : Australia & New Zealand : 12th Global Zoom CMA Program	21
Taiwan : Strengthening Global Academic Links	22
Sri Lanka : Face-to-Face 7-Day Intensive CMA Program in Sri Lanka	23
Bangladesh : The CMA Australia Bangladesh Society (CABS)	24
Malaysia : MOU signed with Association of Certified Accountants	25
A Warm Welcome To Our New Members	26
CMA Events Calendar	27



THE NUMBERS GAME IN THE GEOPOLITICS OF DESTRUCTION

Prof. Janek Ratnatunga, CEO, CMA ANZ



Key Takeaways from the Analysis:

Economic Imbalance: The cost of defence significantly outweighs the cost of the offensive drones, creating a “discourse trap” for military planners.

Strategic Strain: This imbalance is designed to drain resources, forcing a choice between exorbitant defence costs or allowing damage to infrastructure.

Broader Context: The article is part of broader coverage on the cost, resource allocation and supply-chain logistics of the intensifying conflict in the Middle East, and how management accounting plays a significant role in strategic decision-making.

Introduction

Some of the key areas of management accounting are strategic decision-making, cost management, resource allocation and supply-chain logistics. So, what does this have to do with ‘Geopolitics’?

‘Geopolitics’ focuses on international relations, as influenced by geographical factors.

Geopolitics is a framework that we can use to understand the complex and extremely volatile world we live in today, where the rules-based order has fractured (Ratnatunga, 2026). Global politics, or “*getting what you want in the world*”, involves thinking and acting geographically. But what does that mean? Geopolitics explains how countries, businesses, terrorist groups, etc., try to reach their political goals by controlling geographic features of the world. We

call these features geographical entities. Geographical entities are the places, regions, territories, scales, and networks that make up the world.

Geopolitics looks at a particular use of power: how countries and other groups compete to control these entities within the international community. Controlling these entities is seen to help countries and groups reach their goals. Geopolitics is always looked at with an international and global dimension, meaning that the issues being looked at are connected to the global scale (Flint, 2021). Thus, geopolitics can be defined as *the struggle over the control of geographical entities with an international and global dimension and the use of such geographical entities for political advantage*.

One can see this in the current geopolitical drama being played out in the Middle East. Just a month ago it was Greenland, and a month before that, Venezuela. Next month it may be Ecuador and Cuba. As I write this article the Israel and USA vs Iran conflict has entered its ninth day, with many countries in the region being drawn in. The conflict has even spilt over to the Indian ocean with the sinking of an Iranian warship by a US nuclear submarine in international waters about 40km from Sri Lanka (Jayasinghe et al., 2026).

I am not going to comment on the political justification or otherwise for this war with seemingly fluid objectives, ranging from regime change to eliminating an imminent nuclear threat to the control of global oil reserves. However, as *Canada’s Prime Minister Mark Carney* said in January 2026, the global rules-based order is permanently ‘fractured’ (Carney, 2026).

What I am going to comment on is how Iran’s low-cost attack

drones are creating an unsustainable financial impact strain on the U.S. and its allies. While these drones are cheap to produce, the sophisticated missiles required to shoot them down cost millions, turning a “low-cost” war into a massive economic burden.

This analysis also raises the question of the requirements for a 21st-century military and the role of management accounting in distributed production, supplychain logistics, target costing, and pricing.

The Cost-Benefit of Dominating the Skies

Clearly, from *Day 1* of the war with Iran, the United States dominated the skies above Iran. But the management accounting numbers are not necessarily on America’s side. Iran is successfully using low-cost drones for precision attacks in the Middle East. The United States and its allies have air defence systems capable of intercepting a vast majority of Iranian ballistic missiles and drones, but the video evidence indicates that many are still hitting their targets. The US air defence systems are sophisticated yet costly.

Arthur Erickson, the chief executive and co-founder of Hylio, a drone manufacturer in Texas, says, “It is definitely more expensive to shoot down a drone than to put one in the sky. It’s a money game. The cost ratio per shot, per interception, is at best 10 to one. But it could be more like 60 or 70 to one in terms of cost, in favour of Iran.” (Stockman, 2026).

Iran has fired off more than 2,000 one-way drones since the United States and Israel started attacking it on Saturday, February 28, 2026, and many of them have reached their targets, despite the billion-dollar air defence systems. It is a looming problem not just in the Middle East, but everywhere. In a world where attack drones are cheap, and defending against them becomes exorbitantly expensive, the bill could become unsustainable over time.

What Makes Iranian Drones So Effective?

Iran’s *Shahed* drones are triangle-shaped loitering munitions, roughly 3.35 metres (11 feet) long, that roar like lawn mowers and carry an explosive payload in their nose that detonates when they crash into their targets. They are small enough to be launched from the back of a truck, making them relatively easy to hide and tough to hunt down. The long-range version of the *Shahed* drone, known as the 136, can travel roughly 2,000 kilometres, which makes it capable of reaching targets across the Middle East.

How Much Do Iran’s Drones Cost?

Iran’s *Shahed* drones are built with off-the-shelf commercial electronics, and each is said to cost US\$20,000 (A\$28,000) to \$50,000 (A\$70,000) to manufacture, depending on the model. It is conservatively estimated that Iran may have manufactured several thousand of them. Russia also mass-produces a version of the *Shahed* for use against Ukraine (Stockman, 2026).

How Much Does It Cost to Neutralise Iranian Drones?

The gold standard in missile defence, the *Patriot air defence system*, uses interceptors that can cost more than US\$3 million per shot and are in limited supply. For instance, *Lockheed Martin* could only deliver 620 PAC-3 interceptors in 2025, and this, it says, broke a record for production. Compare that with the several thousands of cheap *Shahed* drones that Iran has supposedly manufactured.

The US military does use less expensive forms of counter-drone technology. The *Raytheon Coyote system*, which launches drones that hunt and destroy other drones, is estimated to cost US\$126,500 per interceptor (Hambling, 2020). However, whilst this is much less expensive than a PAC-3, it is still several times more expensive than an Iranian *Shahed*.

There are a host of other systems that can disorient or disable drones, including equipment that jams the radio frequencies that control navigation systems and those that use microwaves or

lasers to disable drones or send them off course. Such counter-drone systems are far more affordable than interceptors, but they have a mixed track record of success or are extremely disruptive to civilian life, as evidenced by instances where jamming equipment has interfered with civilian communications or where microwave systems have caused unintended damage to nearby infrastructure. Also, they can also be used by the enemy, as one theory as to why Kuwaiti ‘friendly fire’ downed three F-15s (Luscombe, 2026).

Ukraine constantly updates counter-drone tactics to adapt to evolving Russian drone attack methods. Ukrainians have even used low-tech solutions like fishing nets and shotguns to defeat low-flying drones. But such solutions are difficult to deploy reliably at scale, especially in the face of the increasing sophistication and frequency of drone attacks.

Does The United States Have Its Own Low-Cost Drones?

The US military invested heavily for years in large, exquisite unmanned systems such as *Predator drones*, but it has struggled to produce the low-cost, expendable systems that have dominated the war in Ukraine and now in the Middle East.

In recent months, the US Defence Department (aptly renamed the War Department) has tried to jumpstart the production of such drones by rolling out contract awards that will be worth \$US1.1 billion over the next two years. Twenty-five companies, including some Ukrainian firms, are competing for a slice of \$US150 million in funding. The requirement is for the winners to deliver drones within months, not years. However, in their conflict with Iran, cheaper drones are required in days, let alone months.

American leaders have announced that they have reverse-engineered a captured Iranian *Shahed* drone and are using a tweaked version of it in the current conflict, a nod to the ingenuity of Iranians who developed it despite economic embargoes limiting what they could import.

The American reverse-engineered version is called LUCAS, for *Low-cost Unmanned Combat Attack System*, but is still months away from delivering the quantities required for the current Middle East ‘*Epic Fury*’ conflict.

‘Rope-a-Dope’ Strategy

The ‘rope-a-dope’ is a boxing strategy, famously used by *Muhammad Ali* against *George Foreman* in the ‘*Rumble in the Jungle*’ in 1974, where a fighter leans against the ropes to absorb, deflect, and block punches while appearing trapped. The goal is to exhaust the opponent, who expends energy throwing heavy blows, allowing the defender to counterpunch and win once the attacker is tired.

In the first week of the war, Iran absorbed the very heavy bombardment in the unprovoked attack on its country. It then counterpunched by launching swarms of multiple (cheap) drones on Israel and multiple US military positions in the region. This required the deployment of the (expensive) interceptors by the US, and continuing to throw heavy blows by further bombing of Iranian positions. It is claimed that one needs two interceptors against a single drone to assure a successful interception. Thus Iran’s approach appears to rest on a belief that it can absorb punishment longer than its adversaries are willing to sustain pain and costs. If this is the case, then it is a form of calculated escalation: endure, retaliate, avoid total collapse and wait for political fractures to emerge on the other side (Azimi, 2026).

Now, on *Day 9* of the conflict, reports indicate that Iran is delivering serious counterpunches by deploying more sophisticated missiles that are hitting their targets with precision (Malsin and Czerny, 2026).

Has the US exhausted its energy?

There has been considerable speculation that the United States and its allies will run low on interceptors needed to defend the

current conflict region against Iranian missiles and drones, partly fuelled by the fact that the United States and its allies have never been able to provide Ukraine with enough interceptors to repel every Russian attack.

'Dead Hand' System of Command and Control

This 'rope-a-dope' strategy, coupled with what now appears to be a 'Dead Hand' system of command-and-control, is enabling Iran to fight a much more powerful enemy in almost equal terms.

The 'Dead Hand' system, also known in Russia as *Perimeter*, is a Cold War-era automatic nuclear command-and-control system designed to ensure a retaliatory strike even if top leadership is destroyed. The system functions as a "fail-deadly" mechanism, employing sensors to identify nuclear explosions and initiating missiles automatically in the event of a loss of communication with command centres.

The system was originally constructed by the Soviet Union to guarantee MAD (*Mutually Assured Destruction*) in order to eliminate the need for a split-second decision during a decapitation strike and to ensure retaliation even if the nation's leadership is wiped out. It is essentially a "doomsday device" that triggers a massive, automated counterstrike, ensuring that if one side is destroyed, the other is as well.

The Iranian response to targeting all neighbouring states harbouring US assets once its top leadership was decimated indicates it had planned for a decentralised command-and-control system for some time. This, coupled with a seemingly endless supply of cheap drones, has levelled the power imbalance.

Lessons from History

When World War II broke out in Europe in 1939, Germany had 2400 tanks. In that year, the US let its military stocks run down to the extent that its army's strength was measured at 39th in the world, with the US having manufactured precisely 18 modern medium tanks.

The US did not enter the war until it was attacked by Japan at *Pearl Harbour* on December 7, 1941, more than two years after death and destruction had engulfed much of Europe. This US entry to the war sparked the biggest and fastest military build-up in world history, with President Roosevelt setting astounding goals. By the end of the war in 1945, four years later, America had produced two-thirds of all military equipment used by the allied nations: 297,000 aircraft, 193,000 artillery pieces, 86,000 tanks and 2 million army trucks. (Wright, 2026)

The point is that in a conventional 20th-century war, one can count the ramping up of military hardware in months and years. Today's 21st-century war required a response in days. This means that the US and Israel should have been building up the significant stockpile of interceptors and drones before their pre-emptive strike on Iran. Such planning does not appear to have taken place.

A very recent report released by the *Center for Strategic and International Studies*, a Washington think tank, tracks public data on military procurement and suggests that the United States has been procuring relatively small numbers of interceptors in recent years – in the hundreds, not thousands – suggesting a mismatch between the needs in a hot conflict and the available supply (Missile Defense Project, 2026).

The report states that Iran possesses the largest and most diverse missile arsenal in the Middle East, with thousands of ballistic and cruise missiles, some capable of striking as far as Israel and eastern Europe. It states that for the past decade, Iran has invested significantly to improve these weapons' precision and lethality.

Whilst such developments have made Iran's missile forces a potent tool for Iranian power projection and a credible threat to U.S. and partner military forces in the region, it has not yet tested or deployed a missile capable of striking the United States,

thus posed no imminent threat to that country (Missile Defense Project, 2026).

The report also states that although the *US Defense Department* has recently signed contracts ramping up procurement, it will take months, if not years, for factories to fulfil increased demand.

The Emergence of Affordable Cruise Missiles

Once upon a time, long-range cruise missiles were the domain of high-end militaries and defence contractors charging as much as US\$1.86 million a unit for precision weapons such as the *Tomahawk* cruise missile. These million-dollar cruise missiles travelled long distances to deliver large explosives with a promised surgical accuracy. During the era of wars on terrorism in the Middle East, the missiles made sense for taking out pinpointed targets on a map. This made the USA the most powerful military in the world. But that was for a 20th-century war.

Today, as war evolves, price falls driven by cheaper and faster microchips are driving down costs for cruise missiles, and we now see the emergence of the 21st-century war machine, which Iran seems to be an 'early adopter' of.

Affordable Mass

Cheaper missiles mean more can be made, and yet more can be quickly acquired to win a battle. In fact, customers are seeking a new class of low-cost missiles that can be manufactured fast and on demand, so their inventory never runs dry in combat. These new class of missiles have been dubbed 'affordable mass', with the idea being that they can put a lot more missiles (mass) on target.

Looking at what is happening in the Middle east and Ukraine today, and what happened in the Red Sea, where Iranian-backed *Houthis* have launched inexpensive Tehran-supplied cruise missiles at passing ships, it is clear that arming for war will not be expensive in the future.

What we are actually seeing in these conflicts, and which is causing surprise and shock strategically within the defence community, is how countries can actually come from nowhere and invent a weapon system that actually performs remarkably similar roles to cruise missiles. These new crop of cruise missiles are using cheaper, more autonomous guidance and no longer require the complex infrastructure for deployment as in the past.

The lower cost means more cruise missiles can be produced and launched in swarms. The new strategy means mass-producing these weapons as quickly as possible and delivering them onto the target to achieve overwhelming force.

Weapons-makers can now use off-the-shelf components, 3D printed, modular parts, which reduce the complexity of the missile and also lower labour costs. In turn, this lowers the overall production price, further enabling mass manufacturing of missiles. These are all management accounting issues.

The technology's lower cost lowers the barrier to entry into the cruise missile business, previously exclusive to great powers and requiring specialised access to satellites, intelligence, and complex supporting systems.

The trend lines of inexpensive hardware and cheaper, more powerful electronics were in place even before NATO's move to give membership to Ukraine caused Russia to invade that country in February 2022. After struggling at the start of Russia's invasion to source cruise missiles, Ukraine's minister for strategic industries said that missile production had expanded "eightfold" in 2024 (Fratsyvir, 2025).

Ukraine's experience was clearly instructive for Iran, North Korea, and other countries that do not fall under the US protective umbrella to have their own ambitious programmes that rely on mass quantities and low costs. It would now be reckless for all countries, even Middle Powers like Canada and Australia, to not follow suit.

Today, numerous companies are springing up or pivoting to these new, cheaper cruise missiles. *Anduril Industries*, *Zone 5 Technologies*, *CoAspire*, *Ares Industries*, and Ukraine's *Trembita* homemade cruise missile are examples. One US tech start-up, *Ares Industries*, is pledging to build the equivalent of a US\$3 million missile for US\$300,000 (Tseng, 2025). Another company, *Anduril's Barracuda*, claims that it requires 10 or fewer tools to assemble and will probably cost a quarter of the \$1 million price tag on traditional cruise missiles (Finnerty, 2024). The *US Air Force Research Laboratory*, meanwhile, is seeking a missile with a 500 nautical mile range that would cost US\$150,000 per unit (Zappone, 2025).

"Manufacturing affordable cruise missiles at scale is central to achieving resilience and a deterrence effect for the Australian Defence Force (ADF)," said Pete Quinn, vice president of strategy for *Anduril Australia*. He notes that Australia is "an ideal testing location because of its world-class ranges and talented Australian workforce" (Zappone, 2025).

'Convergence' and 'Distributed Production'

The modular design, aided by cheaper electronics and 3D-printed parts, enables *rapid modification* in which new *seekers*, *payloads* and *engines* can be swapped in for whatever is the mission's requirements. The Iranian *Shahed* drone, which has repeatedly demonstrated the ease with which unmanned vehicles, inexpensive guidance systems, and explosives could be brought together, helped revolutionise the trend towards affordable drones and missiles, where the difference between a cruise missile and a drone has become increasingly blurred.

This indicates that there has been a "convergence" between the concept of cruise missiles and the concept of drones in the past few years. A traditional cruise missile such as the *Tomahawk* missile, with its complex launch systems, is a particular weapon system that arose on a certain date in history in the 20th century. If one looks now at what is happening in Iran and Ukraine, we are starting to see rocket-powered drones that have considerable range capabilities with cruise missile-type qualities. Such weapons can navigate over terrain, lock on to targets and deliver warheads with precision – the entire original concept behind the cruise missile.

Now that these changes are afoot, the production in scale of these cheaper cruise missiles could trigger a repricing of whole swathes of weaponry, again the domain of management accounting. The shifts towards more information-driven manufacturing allow production itself to be spread across networks that can respond to the needs of the war effort.

Military alliances, such as NATO, can accelerate production and meet combat surge requests by duplicating production cells and standing up multiple production lines in the member nations. Tapping multiple suppliers, missile assemblies can be built and assembled rapidly; this is now called '*distributed production*'. Customers can buy a basic kit designed for rapid production that specialised missiles can be built around.

Summary

Clear evidence in the Middle East shows that Iran possesses several hundred 'cheap' Cruise missiles kept in reserve for future deployment, raising the stakes for both the USA and Israel. They also need cheap cruise missiles, but delivery appears months away. This logistical nightmare is one even the most adroit management accountants will find difficult to solve, especially given the urgency of the situation and the potential consequences of delayed missile deployment for both the USA and Israel.

In Europe, Ukraine continues to source cruise missiles from NATO countries, and while their own production has significantly expanded, they are still reliant on the USA for interceptors, which the US appears to be running short of in Iran.

In the Pacific, China, North Korea, Russia (also a Pacific power), the US, and South Korea are all investing in missile technology.

The new missile age has radically reduced the advantages of Australia's geography, a country that has long relied on the comfort of distance from threats.

In all these regions, military strategists should collaborate with management accountants, particularly by applying 'Game Theory' to evaluate all scenarios involving the convergence of technologies, distributed production, and the cost-benefit analysis of the requirements for a 21st Century military.

References:

Azimi, Amir (2026), "Iran's high-risk war strategy seems to centre on endurance and deterrence", *BBC Persian*, March 6, <https://www.bbc.com/news/articles/c93jj3gz8x0o>

Flint, Colin (2021) *Introduction to Geopolitics*, *Routledge*, p.324 DOI: 10.4324/9781003138549

Carney, Mark, (2026), "Davos 2026: Special address by Mark Carney, Prime Minister of Canada", *World Economic Forum*, Jan 20. <https://www.weforum.org/stories/2026/01/davos-2026-special-address-by-mark-carney-prime-minister-of-canada/>

Finnerty, Ryan (2024). "Anduril unveils low-cost Barracuda cruise missile designed for 'hyper-scale' production". *Flight Global*. September 12. <https://www.flightglobal.com/defence/anduril-unveils-low-cost-barracuda-cruise-missile-designed-for-hyper-scale-production/159945.article>

Fratsyvir, Anna (2025), "Domestic missile production increases eightfold in 2024, Ukrainian minister says", *The Kyiv Independent*, April 12. <https://kyivindependent.com/author/anna-fratsyvir/>

Hambling, David (2020), "See Raytheon's Jet-Powered Interceptor Drone In Action", *Forbes*, May 7, <https://www.forbes.com/sites/davidhambling/2020/05/07/raytheon-coyote-drone-jet-powered-interceptor/>

Jayasinghe, Uditha; Ali, Idrees and Stewart, Phil., (2026), "U.S. sub sinks Iranian warship off Sri Lanka, killing 87 and expanding war zone", *Reuters*, March 4, <https://www.reuters.com/world/asia-pacific/sri-lanka-rescues-30-people-board-distressed-iranian-ship-foreign-minister-says-2026-03-04/>

Kruger, Colin (2025), "Crash and burn: How Australia's \$6b drone-killer lost the plot", *Sydney Morning Herald*, November 22. <https://www.smh.com.au/business/markets/crash-and-burn-how-australia-s-6b-drone-killer-lost-the-plot-20251118-p5ng7m.html>

Luscombe, Richard (2026), "Three US fighter jets were mistakenly shot down over Kuwait", *The Guardian*, March 3. <https://www.theguardian.com/world/2026/mar/02/us-fighter-jets-kuwait>

Missile Defense Project (2026), "Missiles of Iran Missile Threat", *Center for Strategic and International Studies*, March 3, 2026, <https://missilethreat.csis.org/country/iran/>.

Malsin, Jared, and Czerny, Milàn (2026), "Iran Is Hitting the Radars That Underpin U.S. Missile Defenses", *Wall Street Journal*, March 7. <https://www.wsj.com/world/iran-is-hitting-the-radars-that-underpin-u-s-missile-defenses-2edbfcc>

Ratnatunga, Janek (2026), "The Fracturing of International Law and Order: Strategic Responses in an era of Zombie International Agencies", *Journal of Applied Management Accounting Research*, Winter 24 (1), pp. 1-12.

Stockman, Farah (2026), "Iran's low-cost drones strain billion-dollar defences", *The Age*, Friday, March 6, p.7.

Tseng, Alex (2025), "Ares Industries – Building low-cost cruise missiles", *ycombinator*, March 3. <https://www.ycombinator.com/launches/Ler-ares-industries-building-low-cost-cruise-missiles>

Wright, Tony (2026), "On Trump's gilded stage, history has no worth – even if he understood it", *The Age*, March 8, pp. 6-7.

Zappone, Chris (2025), "Welcome to the era of the 'affordable' cruise missile", *Sydney Morning Herald*, May 18. <https://www.smh.com.au/business/companies/welcome-to-the-era-of-the-affordable-cruise-missile-20250505-p5lwri.html>



AN ANATOMY OF BANK FRAUD

Prof. Janek Ratnatunga, CEO, CMA ANZ



In ancient warfare, walls were built to keep the enemy out. In the digital age, the enemy is already inside the walls, testing thousands of digital doors every second.

Cybersecurity is no longer an IT nuisance; it is a paramount strategic concern. This reality reflects the core philosophy of *Sun Tzu's The Art of War*, which emphasises that the most fortified city is often conquered not by a grand, visible siege, but by a single point of negligence at an overlooked side entrance (Sun Tzu 2003). It implies that even the most fortified systems are vulnerable not to the obvious, but to a moment of negligence at an overlooked point of entry. In the modern context, that unguarded gate is often a single employee clicking on a phishing link.

This “overlooked point of entry” was used by knowledgeable insiders to carry out one of the largest frauds to date in the Sri Lankan banking system, the *National Development Bank PLC* heist, amounting to approximately *Sri Lankan Rupees 13.2 billion (AUD 66 million)*.

This article looks at the anatomy of this bank fraud from a management accounting perspective, as it covers many areas that are covered in the CMA programme, such as *enterprise governance, the role of boards and audit committees, KYC, money laundering, cryptocurrencies, forensic audits, whistleblowing and the need for simple audited financial statements*.

The Reported Facts

Let us first examine the facts as reported in the regulatory documentation, stock market announcements, and audited

financial statements. Then, we will consider the speculations that have arisen as a result.

There Were Two Frauds

The first smaller fraud was detected on November 27, 2025, where the suspects were accused of misappropriating **Rs. 290 million** from the bank's general ledger account. NDB had lodged a formal complaint with the *Financial Crimes Investigation Division (FCID)* of the CID; but made no disclosure to the *Colombo Stock Exchange (CSE)* about the CID investigation that resulted from this complaint.

The second larger fraud came to light when the *Central Bank of Sri Lanka (CBSL)* issued a *regulatory statement* on April 6, 2026, stating that NDB had uncovered an internal fraud that could lead to a significant loss being incurred. The preliminary estimate was approximately **Rs. 380 million**. The NDB informed CBSL that no customer accounts or deposits have been affected by this fraud.

Preventing a Run on the Bank

CBSL reassured the public that it had carried out a preliminary assessment of the financial impact on the basis of the information provided by NDB and was satisfied that notwithstanding the reported loss, the prudential ratios relating to capital adequacy and liquidity continued to be at levels above the *minimum regulatory requirements*. CBSL also said that in the event of necessity, NDB will be able to access *temporary liquidity* available from CBSL to banks under the provisions of the relevant laws and schemes already in place.

On the same day that the CBSL issued the above *regulatory statement* (April 6) the *Colombo Stock Exchange (CSE)* imposed a *trading halt* on NDB shares following the bank's follow-up disclosure that the estimated losses of the second fraud had grown to approximately **Rs.13.2 billion**.

The Common Electronic Fund Transfer (CEFT) system

The indication was that this massive fraud involved the *Common Electronic Fund Transfer (CEFT) system*, which is Sri Lanka's real-time electronic interbank fund transfer mechanism for retail transactions. Note that it is probably more difficult to manipulate the *Real Time Gross Settlement (RTGS) system* than the *CEFT system*. The primary difference between RTGS and CEFT payments lies in their intended transaction value, settlement speed, and operational mechanics. RTGS is designed for high-value, instant, one-to-one settlements, while CEFTS is designed for lower-value, instant, 24/7 retail transactions.

Accounts Receivable Balances

Anyone examining NDB's *Audited Financial Statements* could have seen (if they looked closely) that the historical '*Common Electronic Funds Transfer (CEFT) Accounts Receivable* balances at NDB had been stable at around Rs. 1.4 billion to Rs. 1.9 billion between 2021 and 2023. However, by the end of 2024, these balances had risen to **Rs. 3.1 billion**. Then, by the end of 2025, the CEFT receivable balance had surged to **Rs. 12.22 billion**. This was a *fourfold increase in just one year*.

Thus, an (after-the-fact) question can be raised as to why, despite appearing in the bank's own audited financial statements, this massive spike was not flagged for more detailed verification by internal auditors, external auditors, or the board's audit committee.

On April 10, 2026, as a result of this fraud, *Fitch* downgraded NDB's Rating from A (Ika) to 'A-(Ika)' and said the outlook was negative (*Fitch*, 2026)

The Speculations

Reports in the regular news media (see Chandrasekera, 2026) have stuck, by and large, to the reported facts as outlined above. However, *social media* has run amok, often with wild speculations with names of non-existent villains and heroes. However, some reports published on social media have displayed traits of very good investigative journalism by sticking as much as possible to the facts and not naming the key alleged perpetrators who are still to be brought to justice at the time of writing (see Kushan, 2026).

Some of the more credible speculations on social media, and also the results of the author's own investigations with very senior auditors, bankers and CMAs from the banking sector in Sri Lanka, are discussed in this article. There have been *CMA Workshop* participants from almost all banks in Sri Lanka, as well as the Central Bank; and the fact that the author was in Sri Lanka when the second fraud was exposed enabled him to have direct conversations with many such individuals.

Unauthorised Transactions

There now is very credible speculation that over the period 2024 to early 2026, the primary suspect, an internal operations manager, gained access to the *login credentials* of two other officers to enter the system and authorise CEFT transactions that moved funds out of NDB's internal accounts. This effectively defeated the segregation of duties controls. In a properly functioning system, no single individual should be able to both initiate and authorise a transaction. By using others' passwords, the primary suspect created the appearance that multiple authorised persons had approved the transactions.

The unauthorised transactions were mostly carried out on the weekends, when oversight was weaker, staffing was reduced, and real-time human monitoring was less active. This timing also delayed reconciliation, giving the perpetrators time to cover their tracks before the next business day.

The fraud was centred around NDB's *Department of Payments and Settlements*. This unit handles all electronic fund transfers and interbank settlements. The alleged primary suspect held a senior position within this department. This gave him direct access to the systems used to process CEFT transactions.

There is strong speculation that this second and bigger fraud is related to the first smaller fraud either because they were carried out by perpetrators known to each other or that the first fraud opened doors or showed weaknesses in the internal controls related to CEFT transactions.

The Key Account Targeted.

The key target was the *CEFT Suspense Accounts*. These accounts are used to track funds in transit between banks. Under normal operations, these suspense accounts should have temporary balances that are cleared during regular reconciliation.

In the *NDB Chart of Accounts*, the CEFT suspense accounts sit within '*Other Financial Assets*', which include *Receivables arising from CEFT transactions*. Thus, if the balances in the CEFT suspense accounts increase, this will increase the *Accounts Receivable* balances.

The Scheme

The scheme involved creating unauthorised CEFT transactions that moved funds out of NDB's internal accounts.

This was **not a sophisticated scheme**. For example, in the normal course of bank business, the payment of rent for (say) an owner of a building housing an NDB Bank's branch location would be recorded as *Dr. Rent; Cr. Cash*. However, in this case, the fraudulent transaction was most likely recorded as *Dr. Suspense Account; Cr. Cash*. The cash was electronically transmitted to an account in another bank under the control of the perpetrator(s).

In a trading firm, a reduction of a company's cash by Rs 13.2 billion would certainly not go unnoticed, but in a bank, where customers are constantly depositing and withdrawing cash, the cash balances were well within that expected in normal operations and thus did not trigger alarm bells.

In the *NDB Chart of Accounts*, the CEFT suspense accounts sit within '*Other Financial Assets*', which include *Receivables arising from CEFT transactions*. Thus, if the balances in the CEFT suspense accounts increase, this will also increase the overall *Accounts Receivable* balances.

Thus, anyone examining the **NDB Audited Financial Statements** could have seen (if they looked closely) that the historical '*Common Electronic Funds Transfer (CEFT) Accounts Receivable* balances at NDB whilst being stable at around Rs. 1.4 billion to Rs. 1.9 billion between 2021 and 2023, had risen to **Rs. 3.1 billion** by 2024. By the end of 2025, the CEFT Accounts Receivable balance had *skyrocketed* to Rs. 12.22 billion, marking a fourfold increase in just one year.

Thus, an (after-the-fact) question can be raised as to why; despite appearing in the bank's own audited financial statements, this massive spike was not flagged for more detailed verification by internal auditors, external auditors, or the board's audit committee. This issue will be discussed later.

Money Laundering

There is much speculation as to the use of multiple banks as intermediaries (layering), splitting transactions (structuring) and using the accounts of multiple people (smurfs) and converting the ill-gotten funds to cryptocurrency. This highlights the weaknesses in the AML framework of both NDB and CBSL

The transactions were structured to stay just below the Rs. 5 million per transaction ceiling for CEFT transfers. This manoeuvre was done to avoid triggering automated threshold alerts. This technique is similar to what is known as “structuring” or “smurfing” in money laundering terminology. While often used interchangeably, “structuring” is the broader tactic of splitting transactions, whereas “smurfing” specifically employs multiple people (smurfs) to make these deposits across various accounts.

These ‘smurfs’ were those with accounts in other banks, as there are reports indicating that CBSL visited several other banks that received funds linked to the NDB fraud. This is a classic money laundering technique known as ‘layering’, which obscures the origins of illicit funds. There is speculation that officials in other banks were also involved in opening up legitimate accounts for these smurfs, bypassing KYC requirements.

Opening up bank accounts for unsuspecting smurfs is not difficult. One bank manager said he knew of a case where a person was chatted up at a bus stand by a bank officer and promised a credit card if she opened a bank account. The account was then opened with a legitimate name, address, ID number, etc., for KYC purposes. The account remained under the control of the bank officer long enough for it to be used for fraudulent purposes.

There is also an allegation that Rs. 12.8 billion left the country without being flagged. If found to be true, this represents failure of *anti-money laundering (AML)* controls by both NDB’s internal AML monitoring unit and the CBSL’s broader foreign exchange monitoring controls. There is speculation that a portion of the funds was also converted into *cryptocurrency*, suggesting that the perpetrators used digital currency to move and hide stolen funds. [See Ratnatunga (2021) for a detailed analysis of money laundering in both Fiat and cryptocurrencies].

The Red Flags

Clearly there need to be questions asked of the NDB’s *Governance Procedures*. This includes its *internal control processes*, its *internal audit processes*, its *external audit processes* and the oversight by its *Audit Committee*. This article will finally argue that the presentation of its *audited financial statements* prevented to a large extent from this fraud being discovered.

Failure of Internal Control Processes

Internal controls in banking are more than just a safety net; they are the fundamental framework that ensures the bank’s solvency, compliance, and reputation. Because banks deal in high-volume, liquid assets (cash) and complex risks, their control environment is subject to much higher scrutiny than a typical corporation’s.

The key areas of *bank internal controls* are generally categorised into five core pillars: (1) *Operational Controls & Segregation of Duties*; (2) *Credit and Lending Controls*; (3) *Financial and Regulatory Reporting Controls*; (4) *Asset and Liability Management (ALM)* and (5) *Information Technology and Cybersecurity*. The first and last pillars are particularly relevant to the NDB case.

The first pillar, ‘*Operational Controls & Segregation of Duties*’, is the most visible layer of defence, designed to prevent error and fraud in day-to-day transactions. This involves:

Dual control and maker-checker systems: Requiring two people to complete every transaction. It must be initiated by one person (the maker) and independently verified and approved by a different person (the checker). This is standard practice in all well-regulated banking systems. At NDB, the maker-checker control was bypassed because the suspect used others’ credentials. In a robust system, the checker would need to physically or biometrically verify their identity before approving.

Segregation of Duties: Ensuring that the person who initiates a transaction is not the same person who authorises or reconciles it. At NDB, the primary suspect defeated segregation of duties by using the passwords of two other officers. This means the system technically showed multiple authorisers, but in reality, one person controlled the entire process. Effective technology controls (such as biometric authentication or multi-factor authentication tied to individual users) would have prevented this.

Joint Custody: Physical assets (like cash and negotiable securities) are kept under the control of two or more authorised individuals.

Staff Rotation: It appears also that the bank’s *staff rotation policy was breached*. This is a fundamental banking control designed to prevent exactly this type of fraud. It appears that the same individual remained in the critical *Payments* and *Settlements* role without being rotated.

Mandatory consecutive leave periods: This policy requires employees in sensitive positions to take a continuous period of absence, during which another person performs their duties. During the leave, the employee must have *no access to any physical or virtual resources* related to their work.

The last pillar is ‘*Information Technology and Cybersecurity*’. In the digital age, a bank’s “vault” is its server. Unfortunately, NDB’s information technology and cybersecurity controls failed at multiple levels. There was *collusion among multiple insiders* in the first fraud and most probably in the second. There was also *abuse of systems access*. The NDB suspect in the second fraud used stolen passwords.

These controls here are paramount for data integrity and include the following:

Access Controls: This category includes restricting system access based on the “Principle of Least Privilege” (only giving employees the access they absolutely need).

Audit Trails: This process requires automated logs that record every single action taken within a banking system, identifying who did what and when.

Business Continuity Planning (BCP): These are the controls and protocols to ensure banking operations can continue in the event of a cyberattack or natural disaster. [See Singleton and Singleton (2010) for a detailed understanding of fraud auditing and forensic accounting].

Failure of Internal Audit Processes

The internal audit process in a bank is highly structured to meet the rigorous demands of regulators. It moves from a “big picture” risk assessment down to specific testing of individual transactions. The typical lifecycle of a bank internal audit involves five steps: (1) *Risk-Based Audit Planning*; (2) *Engagement Planning & Scoping*; (3) *Fieldwork and Testing*; (4) *Reporting and Communication*; and (5) *Follow-Up and Monitoring*. An audit isn’t closed until the gaps are plugged. This involves *Remediation Testing* to verify that the new controls are actually working and regular *Reporting to the Board*.

NDB's internal audit function failed to detect a fraud that lasted approximately 18 months. The CEFT suspense account balance grew from its historical norm of Rs. 1.4 billion to Rs. 12.22 billion. This was a clear and visible anomaly. A competent internal audit team should have flagged this discrepancy during routine reviews. The fact that it was not questioned suggests either a lack of competence, a lack of independence, or a failure of the audit scope to cover this area adequately.

Failure of the External Auditor: Ernst & Young

While Internal Audit works for the Board to improve operations, **External Audit** works for the shareholders and regulators to verify that the bank's financial health is "true and fair". Because banks are high-risk institutions, external audits are intensely focused on *valuation* (is the money actually there?) and *liquidity* (can the bank survive a "run"?).

The auditor starts by determining "*Materiality*"—the amount of an error that would actually matter to a shareholder. Next is the "*Evaluation of significant estimates*". This is the most difficult part of a bank audit. Auditors don't just check math; they challenge management's *assumptions*, especially regarding (a) *Loan Loss Provisions (ECL)*; and (b) *Fair Value of Derivatives*.

Then, the auditor must verify the bank's assets through independent third-party evidence, including: (a) *External Confirmations*; (b) *Cash Counts*; and (c) *Cut-off Testing to ensure that transactions made on December 31st aren't accidentally recorded on January 1st to "window-dress" the year-end reports*. In many jurisdictions (like under *Basel III* or *SOX*), external auditors must provide specific opinions on (a) *Capital Adequacy* and (b) *Anti-Money Laundering (AML)*. While not always a full audit, they often test the systems that flag suspicious transactions to ensure the bank isn't violating international sanctions.

The process ends with the formal *Independent Auditor's Report*, including (a) *The Opinion*; (b) *Key Audit Matters (KAMs)*; and the *Management Letter*: A private document sent to the Audit Committee detailing "Material Weaknesses" in the bank's systems that need to be fixed.

NDB's external auditor is **Ernst & Young (Sri Lanka)**. E&Y audited the bank's 2025 financial statements, which reported the Rs. 12.22 billion in CEFT receivables. This was a fourfold increase from the previous year and an eightfold increase from the historical norm. We have already discussed that EY did not flag it as a material anomaly requiring deeper investigation. It is still to be determined if the private *Management Letter* sent to the Audit Committee detailed "Material Weaknesses" in the bank's CEFT systems that needed to be fixed. Given the surprise and the extent of the fraud, it is unlikely that this was flagged. [See *Ratnatunga (2016a, 2018a, 2018b, 2019)* on how accounting reports only create a delusion of the state of affairs of a company and why audit opinions are 'untrue' and 'unfair'].

Failure of Board Audit Committee

The Audit Committee plays a critical role in the corporate governance framework, acting as a bridge between a company's board of directors, internal auditors, and external auditors. Their primary goal is to ensure the integrity of financial reporting and the robustness of internal controls.

A company is only as strong as its "checks and balances". The committee evaluates the effectiveness of the (a) *Internal Audit Function*; (b) *Internal Control Systems*; and (c) *Risk Assessment*. NDB's Board Audit Committee and the Board Risk Committee failed to identify the growing operational risk in the Payments and Settlements unit.

The Audit Committee is also responsible for establishing *Whistleblower Mechanisms* for the receipt and treatment of complaints regarding accounting or auditing matters (often called a "Whistleblower Hotline").

The strength of the whistleblower protections varies from country to country. In the USA, the *Sarbanes-Oxley Act (Section 806)* protects employees of publicly traded companies from retaliation for reporting suspected fraud. However, in *Australia*, protections are significantly weaker (Ferguson, 2022).

Failure in Presentation of Audited Financial Statements

Audited financial statements are vital for transparency and accountability, providing a 'true and fair' view of a company's financial health. In NDB's case, the audited financial statements were attached to the *Annual Report*, primarily intended for shareholders, including large investment groups like provident funds and individual investors. These parties rely heavily on the integrity of these documents to manage their investments.

However, the presentation of financial data was a contributing factor to the oversight. The NDB's *Annual Report for 2025*, a voluminous *556-page document*, buried crucial financial details within extensive narratives and supplementary information. The surge in accounts receivable was noted only on page 347 in **Note 36.3 on Other Financial Assets**, but it required a keen eye to notice the fourfold increase, as no percentage changes were provided.

The Role of Auditors and Audit Committees

The independent auditors' report highlighted IT systems-related internal controls over financial reporting as a 'Key Audit Matter', acknowledging the bank's reliance on IT systems for financial processes. However, despite identifying this as a concern, the auditors resolved it by obtaining a high-level understanding of cybersecurity risks and testing data accuracy, without flagging the significant surge in accounts receivable as a material issue requiring an audit qualification.

This brings us to a critical question: *should the fourfold surge in receivables have been considered material for an audit qualification?* Despite the fraud's relative size against the bank's total assets of Rs. 945 billion (which would not have been considered 'material' at just 1% of assets), the subsequent discovery of the fraud underscores the need for more vigilant and insightful auditing practices.

The Challenge of Report Padding

A significant obstacle in identifying financial anomalies is the practice of *padding* annual reports. Padding involves adding unnecessary content to make a document appear more substantial, often obscuring critical information. This makes it difficult for stakeholders to identify red flags

There is plenty of evidence of padding in **NDB's Annual Report 2025** The *Leadership* section takes 27 pages, *Operating Landscape & Strategy* (29 Pages), *Management Discussion & Analysis* (115 pages), *Risk Management & Corporate Governance* (72 pages), *Financial Statements* (148 pages), and *Supplementary Information* (129 pages). The total *556 pages* reads like a 'Wonderland' of best practices in all areas of business, but it results in a reader being unable to focus on a key area for a bank – *safeguarding its money!*

Annual reports, ideally, should serve as concise, clear communication tools that highlight key financial metrics and changes. However, the trend towards extensive reports, often driven by awards for the 'Best Annual Report' by professional bodies like *the Institute of Chartered Accountants*, and the desire to appear comprehensive, can lead to important details being lost in the sheer volume of information.

Simplifying Financial Reporting

Some forward-thinking companies globally have taken several innovative approaches to simplify financial reporting.

Digital and Interactive Formats: Shifting from traditional paper or static PDF formats to digital, interactive versions can enhance readability and engagement. Interactive reports allow users to drill down into the data, providing a clearer view of financial metrics and trends.

Excel-Based Financial Statements: Providing financial statements in Excel format with embedded formulas can enable stakeholders to easily analyse the data. This approach enables users to perform custom analyses and scenario testing, fostering a deeper understanding of the financial health of the entity.

Use of Visual Aids and Emoticons: Incorporating visual aids like graphs, charts, and emoticons can make financial data more accessible. For example, a smiley face next to a financial metric can indicate positive performance, while a neutral or sad face might signal areas of concern.

Focused Reporting: Emphasising the most critical financial data and changes, rather than extensive narratives, can help stakeholders quickly identify potential issues. Reports should prioritise clarity and relevancy over sheer volume.

Lessons Learned from the NDB Fraud

The NDB's fraud highlights several key lessons for organisations, auditors, and stakeholders. Organisations must prioritise cybersecurity and recognise that insiders pose significant operational risks. Implementing robust access controls and regularly updating security protocols can help mitigate these risks. Auditors also must look beyond surface-level reviews and consider the implications of significant changes in financial data. Enhanced scrutiny of key metrics and anomaly detection should be part of the auditing process. Finally, this is a strong case for the need for simplified reporting.

References:

CBSL (2026), "The National Development Bank PLC – Internal Fraud", Regulatory Statement, *Central Bank of Sri Lanka*, April 6, <https://www.cbsl.gov.lk/en/node/20190>

Chandrasekera, Duruthu Edirimuni (2026), "SEC meets with NDB board on the Rs. 13.2 billion fraud" *The Sunday Times*, April 12. <https://www.sundaytimes.lk/260412/news/sec-meets-with-ndb-board-on-the-rs-13-2-billion-fraud-638929.html>

Daily Mirror Journalist (2026) "First hand account of NDB fraud", *Daily Mirror*, April 10. <https://www.dailymirror.lk/breaking-news/First-hand-account-of-NDB-fraud/108-337697>

Ferguson, Adele (2022), "Travails of an Investigative Journalist", *CMA Hall of Fame Awards (Australia)*, November 8. <https://www.accountinghalloffame.org/hall-of-fame/ms-adele-ferguson-am-2019/>

Fitch (2026), "Fitch Downgrades National Development Bank's National Rating to 'A-(lka)'; Outlook Negative", *Fitch Rating Action Commentary*, 10 April. <https://www.fitchratings.com/research/banks/fitch-downgrades-national-development-bank-national-rating-to-a-lka-outlook-negative-10-04-2026>

Kushan, Liyana Arachchige (2026) "The Rs. 13.2 Billion NDB Bank Fraud" *LinkedIn Post*, April 10. <https://www.linkedin.com/pulse/updated-rs-132-billion-ndb-bank-fraud-kushan-liyana-arachchige-nkdic/>

NDB (2025) *Annual Report 2025*, National Development Bank PLC, p.556

Ratnatunga, Janek (2016a) "The Accounting Delusion: Faith and Trust in IFRS Reports", *Journal of Applied Management Accounting Research*, 14 (1): 1-22.

Ratnatunga, Janek (2016b) "Applying Disruptive Technologies to Audited Financial Statements", *Journal of Applied Management Accounting Research*, 14 (2): 1-8.

Ratnatunga, Janek (2018a) "Auditing Opinions for Sale?", *Journal of Applied Management Accounting Research*, 16 (1): 17-19.

Ratnatunga, Janek (2018b) "The Silence of the Auditors", *Journal of Applied Management Accounting Research*, 16 (1): 21-26.

Ratnatunga, Janek (2019) "Why Audit Opinions are 'Untrue' and 'Unfair'", *Journal of Applied Management Accounting Research*, 17 (2): 23-30.

Ratnatunga, Janek (2021) "Money Laundering: Fiat Currency vs Cryptocurrency", *Journal of Applied Management Accounting Research*, Winter, 19 (1), pp. 29-46.

Singleton, Tommie W. and Singleton, Aaron J. (2010) *Fraud Auditing and Forensic Accounting* (4th ed), p 264.

Sun Tzu (2003) *The Art of War*. Translated by M. A. Griffith. Oxford University Press, Oxford.



THE GREAT COMPRESSION: EXECUTIVE ANXIETY IN AN AGE WHERE EVERYTHING COLLIDES

Dr. Chris D'Souza , Deputy CEO of CMA (ANZ)



"The greatest danger in times of turbulence is not the turbulence; it is to act with yesterday's logic." Peter Drucker (Drucker 1980, p. 5)

As the festival of Songkran arrives, much of South-east Asia pauses to mark renewal. In a quiet, centuries-old ritual, water is poured gently over the hands of elders as a gesture of respect and blessing; elsewhere, the same water is thrown with abandon in the streets, a chaotic and joyous celebration of a new cycle. At its core, Songkran is about transition. It represents the deliberate act of washing away what no longer serves to step into the future with clarity. For the modern executive, this symbolism is both relevant and deeply ironic. There is no clean reset in today's operating environment. No moment exists where the past can simply be washed away and the future approached with a blank slate. Instead, leaders carry forward unresolved tensions, overlapping risks, and decisions that refuse to remain contained within functional boundaries.

What defines this era is not a single dominant challenge, but the convergence of many. This is not complexity in the traditional sense; it is **compression**. A "compressed state of mind" refers to a psychological phenomenon where cognitive capacity is reduced due to intense external pressures, burnout, or chronic stress, leading to a narrowed, "squeezed" feeling. It involves a diminished ability to process information, emotional numbness, and a feeling of being stuck.

Today, multiple high-impact forces such as artificial intelligence, geopolitical volatility, and climate pressure are unfolding simultaneously, often reinforcing one another. The executive is no longer simply a functional leader; the role has expanded into one of integrated strategic navigation where technology, risk, capital, and human judgement intersect continuously. It is within this compressed environment that a quieter reality begins to surface: a persistent and often unspoken anxiety at the top.

The Artificial Intelligence Paradox: The Sorcerer's Apprentice

"The real problem is not whether machines think but whether men do." B. F. Skinner (Skinner 1969, p. 251)

In the ancient parable of the Sorcerer's Apprentice, immortalised by Johann Wolfgang von Goethe in his 1797 poem, a young student uses his master's magic to animate a broom to fetch water. The automation works perfectly at first. However, the apprentice soon realises he does not know the command to stop the cycle. As the workshop floods, efficiency turns into an existential threat (Goethe 1797). Today's executive is that apprentice, and Artificial Intelligence is the animated broom.

AI is revolutionising industries by enhancing efficiency and unlocking new business opportunities. However, it also creates a deeper unease. Leaders recognise that they are deploying a force that evolves faster than their ability to fully understand or govern it.

To appreciate the historical weight of this anxiety, one must look back to the Luddites during the British Industrial Revolution of the early nineteenth century. Skilled textile artisans, fearing that mechanised looms would render their expertise obsolete, took to smashing the machines in a desperate act of resistance (Sale 1995). Modern executives face a digital Luddite dilemma.

They are not destroying machines, but they are confronting the same underlying fear. The issue is no longer limited to worker displacement. It extends to their own strategic relevance. The pace of technological development raises concerns about capability, control, and the constant need for reinvention.

This anxiety also manifests as generational tension. Baby Boomers often face a steep learning curve in adapting to AI, while Gen

Z executives carry the expectation of mastering and deploying it with precision. Across both groups, one concern remains constant. The fear of falling behind competitors who move faster and act more decisively.

What is different today is not the existence of these fears, but their simultaneity and speed.

Today's executive is not merely the apprentice. He is also the sorcerer, expected to control what he did not fully create.

The Luddites feared the machine would make them irrelevant. Today's executive fears something more subtle. That relevance itself is being redefined faster than it can be maintained.

The lesson of both the apprentice and the artisan is clear. Technology without judgement is not progress. It is acceleration without control.

Chokepoints and Chessboards: The Parable of the Two Peddlers

"Each success only buys an admission ticket to a more difficult problem." **Henry Kissinger** (Kissinger 1979, p. 54)

In the grand game of global trade, the most dangerous moment is when you realise the board itself is shifting. Consider the **Parable of the Two Peddlers**, often used in traditional Eastern philosophy to describe the nature of risk and preparation. Two peddlers had to cross a mountain range to sell their wares. The first peddler, obsessed with speed and profit, took the shortest, most narrow path along a cliff edge, carrying only enough food for a sunny day. The second peddler, fearing the unpredictable mountain storms, took a longer, more expensive route and carried extra supplies. When the storm inevitably broke, the first peddler lost his life and his goods; the second arrived late, with lower margins, but with his life and business intact (Adapted from traditional folktales; see Sen 2005 for context on rational choice and risk).

For decades, the global supply chain followed the first peddler's logic. It was a just-in-time miracle that stripped out waste. But that logic belonged to a world of geopolitical stability that no longer exists. Consider the *Strait of Hormuz*, a vital chokepoint through which approximately 20% of the world's oil flows. For an executive in energy, defence, or logistics, tensions like the US & Israel vs Iran conflict are not distant abstractions; they are direct threats to market volatility. The Strait of Hormuz dilemma represents the death of pure efficiency. Executives are now forced to follow the second peddler, paying a resilience tax by seeking alternative logistics routes and local production. The anxiety at the top stems from the realisation that while efficiency was the goal of the past century, survival is the goal of this one. *Efficiency defined success in the days gone by, Resilience will define survival in the days to come.*

The Boiling Frog: Climate as a Financial Reality

"Climate risk is investment risk." **Larry Fink** (Fink 2020)

In the narrative popularised by Al Gore in the documentary *An Inconvenient Truth* (Gore 2006), a frog placed in boiling water will jump out; but if placed in cold water that is heated slowly, the frog stays until it is too late. For years, climate change was the slow heat of the corporate world, a peripheral concern. That water is now boiling. The increasing frequency of extreme weather events and shifting climate patterns pose immediate risks to businesses worldwide. For Baby Boomers, who operated in a less environmentally conscious era, the shift towards sustainability requires embracing entirely new paradigms.

For Millennials and Gen Z leaders, the urgency to implement green strategies is felt as a moral and professional mandate. The anxiety is compounded by regulatory pressures and consumer expectations, as companies are now expected to demonstrate corporate responsibility by committing to *Environmental, Social, and Governance (ESG)* criteria. Failure to do so results in

reputational damage and financial penalties. Even specific issues like *plastic pollution* have become central to executive anxiety, forcing manufacturing leaders to innovate packaging while struggling to protect profit margins. This is no longer about doing good; it is about the financial viability of the firm in a world that is running out of cold water.

The Invisible War: Only the Paranoid Survive

"Only the paranoid survive." **Andy Grove** (Grove 1996)

In ancient warfare, walls were built to keep the enemy out. In the digital age, the enemy is already inside the walls, testing thousands of digital doors every second. Cybersecurity is no longer an IT nuisance; it is a paramount strategic concern. This reality reflects the core philosophy of Sun Tzu's *The Art of War*, which emphasises that the most fortified city is often conquered not by a grand, visible siege, but by a single point of negligence at an overlooked side entrance (Sun Tzu 2003). It implies that even the most fortified systems are vulnerable not to the obvious, but to a moment of negligence at an overlooked point of entry. In the modern context, that unguarded gate is often a single employee clicking on a phishing link.

For an executive, the anxiety surrounding cybersecurity is exacerbated by the trust economy, where a single data breach can evaporate years of brand equity in an afternoon. While Gen Z executives might find a natural focus in digital technologies, Baby Boomers often face a steeper learning curve in understanding the sophisticated tactics hackers employ. Regardless of age, the mandate is clear: cybersecurity must be a core pillar of strategic planning. This requires a paranoid mindset. Leaders must move from a posture of reactive defence to one of proactive, continuous auditing and investment in cutting-edge security infrastructure.

The Shadow of the Atom: The Sword of Damocles

"The unleashed power of the atom has changed everything save our modes of thinking." **Albert Einstein** (Einstein 1946)

While AI and climate change dominate daily discussions, the spectre of nuclear conflict continues to loom as a background radiation of anxiety for executives. This is the modern **Sword of Damocles**, an ancient Greek parable reported by Cicero. Damocles, a courtier, remarked on how fortunate the King was to have such power. The King invited him to sit on the throne, but above Damocles' head, he hung a massive sword held only by a single hair of a horse's tail. Damocles quickly realised that great power and wealth are inseparable from the constant threat of total destruction (Cicero 45 BCE).

Modern executives sit on that throne. While the likelihood of nuclear conflict remains low, the single hair of geopolitical stability feels increasingly thin. This anxiety is particularly pronounced in international trade and defence. For younger executives who did not live through the *Cold War*, understanding the historical context of these tensions is vital for informed decision-making. Strategic planning today requires a geopolitical literacy that acknowledges that systemic risks can occasionally become absolute.

The Path Forward: Cultivating the Resilient DNA

"Plans are worthless, but planning is everything." **Dwight D. Eisenhower** (Eisenhower 1957)

To lead through this compressed era, the modern executive must trade the search for certainty for a commitment to **agility**. Risk cannot be eliminated. It must be understood, structured, and managed with discipline. Leaders must foster a culture of lifelong learning, empowering employees at all levels to adapt to disruptive technologies like AI and cybersecurity. Beyond skills, executives must move towards strategic foresight, utilising scenario planning tools to anticipate geopolitical shifts and environmental changes rather than relying on static budgets.

Embedding sustainability into the mission and operations is no longer optional; it is essential for long-term viability. This resilience starts with the people, requiring a shift in leadership to prioritise mental health and well-being to help the workforce manage the stress of a hyper-pressured world. Proactive engagement and transparency with stakeholders build the trust necessary to navigate crises and environmental shifts collaboratively.

Conclusion: Converting Anxiety into Action

“Risk comes from not knowing what you’re doing.” Warren Buffett (Buffett 1993)

As the symbolism of Songkran reminds us, renewal is not about discarding the past. It is about clarity. It is about knowing what to carry forward and what to leave behind. For the modern executive, this means retaining the essence of visionary leadership while letting go of the outdated logic that no longer serves a changing world. The challenge of this era is not the presence of anxiety, but how that anxiety is understood, structured, and ultimately converted into a catalyst for action.

This idea is captured in the Story of the *Japanese Stone Cutter*, a tale of perspective and self-realisation found in various philosophical traditions (see Riordan 1996). A stone cutter, dissatisfied with his life, wished to become the sun, believing it to be the most powerful force. When a cloud obscured the sun, he wished to become the cloud. When the wind scattered the cloud, he wished to become the wind. Yet the wind could not move a great stone, so he wished to become the stone. Finally, he felt the strike of a chisel and realised that the stone cutter, who understood the nature of the rock and possessed the tools to shape it, held the true power all along.

Modern leaders face a similar realisation. They do not need to control the uncontrollable forces of global volatility. They need to understand them and, more importantly, to master the tools within their own control: judgment, agility, and foresight. Those who do so will not eliminate uncertainty; they will operate effectively within it. In this age of compression, success will not belong to those who wait for stability to return. It will belong to those who develop the capability to shape outcomes from within instability itself.

Dr Chris D’Souza is Deputy CEO of ICMA (ANZ).

References

- Buffett, W. (1993) *Berkshire Hathaway Inc. 1993 Annual Report*. [Online]. Available at: <https://www.berkshirehathaway.com/letters/1993.html> (Accessed: 12 April 2026).
- Cicero, M. T. (45 BCE) *Tusculan Disputations*. Translated by J. E. King. Cambridge: Harvard University Press.
- Drucker, P. F. (1980) *Managing in Turbulent Times*. New York: Harper & Row.
- Einstein, A. (1946) *Telegram to prominent Americans*, 24 May. Emergency Committee of Atomic Scientists.
- Eisenhower, D. D. (1957) ‘Remarks at the National Defense Executive Reserve Conference’, 14 November. Washington, DC.
- Fink, L. (2020) A Fundamental Reshaping of Finance. *BlackRock Annual Letter to CEOs*. [Online]. Available at: <https://www.blackrock.com> (Accessed: 12 April 2026).
- Goethe, J. W. v. (1797) *The Sorcerer’s Apprentice* (Der Zauberlehrling).
- Gore, A. (2006) *An Inconvenient Truth*. Directed by Davis Guggenheim. [Film]. Paramount Classics.
- Grove, A. S. (1996) *Only the Paranoid Survive: How to Exploit the Crisis Points That Challenge Every Company*. New York: Doubleday.
- Kissinger, H. (1979) *The White House Years*. Boston: Little, Brown and Company.
- Riordan, J. (1996) *The Stonecutter: A Japanese Folk Tale*. New York: Putnam & Grosset.
- Sale, K. (1995) *Rebels Against the Future: The Luddites and Their War on the Industrial Revolution: Lessons for the Computer Age*. New York: Addison-Wesley.
- Sen, A. (2005) *The Argumentative Indian: Writings on Indian History, Culture and Identity*. London: Penguin Books.
- Skinner, B. F. (1969) *Contingencies of Reinforcement: A Theoretical Analysis*. New York: Appleton-Century-Crofts.
- Sun Tzu (2003) *The Art of War*. Translated by M. A. Griffith. Oxford: Oxford University Press.

GOLD IS MEANT TO BE A 'SAFE HAVEN' IN UNCERTAIN TIMES. WHY IS IT CRASHING AMID A WAR?

Rand Low



Gold has long enjoyed a reputation as a financial “safe haven” during stormy times. But over the past few months of geopolitical chaos and market panic, the precious metal has moved more like a roller coaster than a steady ship at anchor.

In late January, the gold price surged to an all-time high near US\$5,600 per ounce – effectively double what it was a year earlier. It’s lost about 20% since then, sliding sharply while a major conflict broke out in the Middle East.

To be clear, gold is still at lofty heights by historical standards, up almost 300% over the past decade. Much of this surge has been driven by “financialization”.

Put simply, more ways of investing in gold on paper – with complex financial products called derivatives and funds that track its price – have seen a boom in speculation by institutional and retail investors.

But this year’s wild swings in price should shatter any remaining illusion that gold is always a safe haven. To understand why, we need to look at how modern financial markets work – and in particular, why an oil shock is different to other crises.

Umbrellas and storm shelters

To protect their wealth, investors often seek assets that are either “hedges” or “safe havens”.

A hedge is an investment that generally moves in the opposite direction to the rest of the market on average over a normal, long-term period.

Think of a hedge like holding an umbrella above your head every single day. You’ll stay drier than everyone else when it rains, but you’ll also block out some of the sunshine (potential gains) when it doesn’t.

A safe haven, on the other hand, is an investment that generally moves in the opposite direction to the rest of the market only during sudden periods of extreme stress or crashes.

It’s like a storm shelter you only run to during a hurricane.

Where does gold fit?

In a 2016 research study, colleagues and I found gold had some of the qualities of a safe haven, particularly for share markets in Australia, the United States, Germany and France.

During the 2008 global financial crisis, gold was the most stable commodity among the precious metals we studied. Its price did drop, but it avoided the catastrophic losses seen in other precious metals.

It had similar safe haven qualities in 2011, when ratings agency Standard & Poor’s (S&P) downgraded the US’ AAA credit rating to AA+ for the first time in history, and many global stock markets fell.

Importantly, those market shocks came out of the financial system itself (a banking system failure and a credit downgrade).

Today, the world faces something fundamentally different: a massive energy shock due to interrupted oil supplies and major damage to oil and gas facilities in the Middle East.

Why is an oil shock different

Traditional finance textbooks will tell you that when a war breaks out, inflation spikes or stock markets crash, investors typically engage in what’s called a “flight to quality” – fleeing riskier assets and moving their money somewhere seen to be safer (such as gold).

In a 2025 research paper, colleagues and I offer a more nuanced view. Crucially, we incorporated data from more recent periods of stock market turbulence, including the COVID pandemic, where gold's safe haven properties were more muted.

We found that gold is still a go-to choice for investors moving out of riskier investments. But it is not an untouchable storm shelter.

Instead of standing completely separate from the panic during a crisis, gold absorbs some of the volatility from both the stock market and energy markets, which can cause its price to fall.

Ripple effects

Why? For one, market chaos means some large investors may be forced to sell gold to cover other losses or meet financial obligations, such as margin calls (where a lender demands funds to cover the falling value of an asset).

For other large investors, the recent price rally may have created an opportunity to sell high and take profits or rebalance their investment portfolios.

But there is also the fact that gold does not have as much essential intrinsic value as something like oil. There is not much industrial demand for it compared to other commodities.

In a severe crisis, forced to choose between a commodity like oil and gold, what does the global industry really need? Oil.

Rock, paper, gold

The different ways people are investing in gold are another important factor. Over several decades, gold has become increasingly "financialised".

Now, it can be bought and sold with ease on "paper" via speculative, complex financial instruments called derivatives, or in increasingly popular exchange-traded funds which track the price of gold.

With these funds, you aren't buying gold itself. You're buying an asset whose price is designed to track the price of gold in some way.

Today, a massive rise in speculative investment means that commodity prices depend on far more than real-world supply and demand.

Because global investors now hold gold derivatives and conventional stocks at the same time, the risk of exposure to common market shocks has drastically increased.

Rand Low is Associate Professor of Quantitative Finance, Bond University

This article was republished under the Creative Commons licence

<https://theconversation.com/gold-is-meant-to-be-a-safe-haven-in-uncertain-times-why-is-it-crashing-amid-a-war-279095>

COMPLETE YOUR MBA TAKING 4 SUBJECTS FOR ICMA MEMBERS ONLY

The knowledge and experience gained in obtaining your CMA is recognized by Calwest University, California, USA; an ICMA sponsored university, enabling CMA holders to 8 (out of 12) credits towards your MBA.

MBA for CMAs

Total cost for this programme for CMAs

US \$1,850*

Get discount code from info@cmaaustralia.edu.au

Go to https://calwest.org/apply/apply_mba.html



**CALWEST
UNIVERSITY**
NORTHRIDGE • CALIFORNIA

COULD THE MIDDLE EAST CONFLICT OPEN THE DOOR TO PRICE CONTROLS? HERE'S HOW IT WORKS IN GREECE

Benjamin Selwyn



The US-Israel war with Iran has sent shockwaves through the global economy, and predictions of COVID-era inflation are becoming hard to ignore. In many countries, these pressures are already being felt, as households struggle to afford essentials.

During and after the height of the pandemic, governments across the political spectrum experimented with price controls in a bid to protect people from soaring living costs. Spain and Mexico, for example, implemented such measures from the political left; Greece did so from the right.

They were a response to the pressures of inflation, weakened household finances and growing insecurity for large swathes of the population.

Among these examples, Greece's "household basket" programme stands out as a detailed attempt to keep essential goods affordable. As consumers may once again be facing a cost-of-living price spiral, it is a case study worth examining.

Greece entered the inflationary period (2021-22) with some of the lowest wages in Europe. Its average pay is still just a third of that in Germany. When inflation hit 10%-12% in 2022, everyday necessities such as food, dairy products and basic household supplies quickly became more expensive.

In November 2022, the centre-right New Democracy government introduced the household basket, requiring major supermarket chains to keep prices low on more than 50 categories of essentials. These included bread, pasta, rice, dairy products, cleaning

materials and baby food. Relevant items were highlighted clearly in stores, and the list was updated weekly.

Originally presented as a temporary tool, the programme has been extended repeatedly because of ongoing inflation - most recently due to concerns about conflict-related price spikes. It has become a central part of the country's strategy to stabilise living costs, along with related measures including profit caps in the fuel sector.

A system based on transparency

What distinguishes the Greek model is how it combines regulation with consumer access to information via a digital platform. Large supermarket chains are obliged to publish the prices of their basket items online.

Once placed on the list, an item's price cannot rise for seven days, though it may fall at any time. Retailers face fines of up to €5 million (£4.3 million) for violations. The scheme also requires supermarkets to submit supplier price lists, giving regulators insights into where mark-ups occur.

The platform allows shoppers to compare prices across retailers and locate branches stocking specific items. All purchases must take place in person, maintaining the scheme's focus on physical retail while improving transparency.

Beyond the basket itself, in 2025, the Greek Ministry of Development and retailers agreed on price cuts of 8% on average

for 2,000 goods, and profit margins on essential items were capped at their 2021 level. Inspectors conducted regular audits to enforce compliance.

Across many product categories, there were notable price declines. Among 56 breakfast foods and cereals, there was a price fall of up to 23%; among 34 cheese products, the fall was 5%-35%; and for fresh meat, the drop was 5%-7% across three products. On top of these, oils and fats dropped in price by 5%-16%, pasta by 3%-5%, and sweets and chocolate by 3%-17%.

The basket has gradually expanded to include pulses, fresh poultry, meat cuts, milk and cheese. The Greek government has also introduced short-term "themed baskets" during periods of high seasonal demand. So far, Christmas and Easter baskets have included lamb, goat meat, turkey and chocolate Easter eggs to keep a cap on holiday costs.

Price controls remain controversial for some. Retailers in Greece have argued that the system is unfair and that they are unable to absorb the costs.

However, in the Greek case, supermarkets did accept reduced profit margins for the price-capped product lines. They responded with price wars to attract customers and boost market share, and with competitively priced own brands. One consequence of these measures is that Greece now has a relatively cheap food basket compared with other EU countries.

In the UK, at the height of the COVID pandemic, some large retailers raised prices above inflation, doubling their profits between 2019 and 2021-22. Under such circumstances, many may feel it is only fair to ask them to contribute to combating a cost-of-living crisis.

So, while price controls may not always, please retail and other sectors, they are becoming more common. Many countries have been experimenting with ways to contain the cost of living, as practical tools to stabilise inflation and support citizens during unpredictable economic shocks.

Greece's experience shows that such measures can be structured, transparent and enforceable. It also demonstrates that price controls need not be limited to one political tradition. They have been deployed by governments across the ideological spectrum when faced with inflationary pressures.

As the UK braces for further economic turbulence, triggered by conflict and volatile energy markets, Greece's family basket offers a model worth studying. It is not a full solution to high inflation – nothing so simple exists – but it shows how governments can intervene to reduce pressure on households while maintaining oversight of essential markets.

A political party ready to champion measures that deliver immediate relief to struggling households could resonate widely at a moment when many people have yet to recover from the last cost-of-living crisis.

Benjamin Selwyn is Professor of International Relations and International Development, Department of International Relations, University of Sussex

This article was republished under the Creative Commons licence

<https://theconversation.com/could-the-middle-east-conflict-open-the-door-to-price-controls-heres-how-it-works-in-greece-279696>

ONLINE CPDs

Environmental and Sustainability Analysis **-NEW**
Business Valuation
Enterprise Risk Analysis
International Business Analysis
Project Finance Analysis
Project Management Analysis

SPECIAL OFFER

Members are entitled to
90% off for a limited time!

www.cmaaustralia.edu.au/ontargetonline-cpds/



AN ATTACK ON THE WORLD ECONOMY

The Economist

Whatever happens in the Strait of Hormuz, energy markets have been changed forever

Having discovered the costs of tariffs, President Donald Trump has now discovered the costs of war. On March 9th, he declared that his campaign against Iran would be over “very soon”, sending oil prices, which had peaked at nearly \$120 a barrel the day before, crashing to nearly \$80 (before the war, they had been \$70). Iran's de facto closure of the Strait of Hormuz has blocked roughly 15% of global oil supply. Mr Trump, facing midterm elections and voters weary of inflation, is signalling that he cannot bear those costs—just as he retreated from his trade war after markets buckled last spring.

Yet Mr Trump is as chaotic in matters of war and peace as he is in economic policy. As we published this, the strait remained all but closed after Iran had struck shipping there. The oil price had rebounded to around \$100. Meanwhile, American rhetoric remained belligerent, as Pete Hegseth, the secretary of war, promised to fight on harder than ever.

The confusion betrays the president's lack of good options. Whereas de-escalating the trade war is more or less in his gift, he cannot restore the old energy market. Whatever happens, the world is entering a new era of energy insecurity.

The shock the war has unleashed could be huge. True, the world depends less on oil than it did in 1973, when an Arab embargo caused crude prices to quadruple, or 1979-80, when the Iranian revolution and the Iran-Iraq war hit supply. Then, it was still common to burn oil to produce electricity. Today, it is used less widely, mainly to power transport and make petrochemicals.

Yet this evolution is double-edged. Today's oil demand is stubborn, so prices have to rise more for a given disruption of supply. And this one is extreme: the loss of supply is greater than in either 1970s shocks. Even at the worst moments of the crisis, traders have not come close to pricing in an indefinite closure of the strait. The oil price required to bring demand into line with supply in such a scenario could be over \$150 per barrel.

Members of the International Energy Agency can draw on 1.8bn barrels of emergency stocks, and they are releasing 400m. But access is often throttled by pipelines or other constraints. Even China, which has built up a separate vast stockpile, has seen the need to stop exports of some refined products. The fact that transport is a key input to so much of the world economy means that bottlenecks could cause grave harm.

And the shock is not limited to oil. Qatar's main liquefied natural gas (LNG) export facility remains closed after a drone strike, taking nearly a fifth of global supply off the market. An expansion of its output has also been postponed. The loss of Qatar's exports has set off a scramble in Asia. In Europe, where gas storage tanks are unusually empty for the time of year, prices are up by more than half. America could export more LNG, but its demand for natural gas is rising because of the boom in energy-hungry data centres.

Iran could drag the war out to try to suggest that it and not Uncle Sam is calling the shots. On March 11th, Iran hit three cargo ships in the Strait of Hormuz and, later, two tankers near Iraq. Like Yemen's Houthi rebels, who have successfully attacked shipping in the Red Sea with low-tech weaponry despite NATO members'

high-tech efforts to stop it, the Iranian regime has learned that it can lob drones at ships and energy infrastructure while being flattened by bombs.

Even when the war ends, the world will have changed. Iran's new hardline supreme leader, Mojtaba Khamenei, now knows that energy prices are America's weak spot. In Ukraine, which has tested drone defences, some Iranian-style machines still get through. American troops are not about to occupy Iran to stop the launches. America does not have the capacity to defend every tanker, even if it provides them with cheap insurance. Disruption to energy markets will therefore come and go with geopolitical tensions, especially if Iran concludes that it needs a nuclear weapon to be safe.

That is the new reality in which investors, businesses and policymakers must now operate. For investors, the contrast between an increasingly volatile world and buoyant equity markets just became more stark. Chaos in the Middle East joins a long list of threats to markets, including gloomy scenarios related to artificial intelligence, trouble in private credit and a loss of faith in indebted governments. Government-bond yields have risen since the crisis began, especially in southern Europe and Britain, which depends on imported Ing.

Businesses face a new risk premium, as energy prices reflect the ever-present danger of conflagration. After the pandemic and the start of the Ukraine war, they must again pore over their supply-chain risks, including their exposure to the Gulf economies, whose reputations for stability have been shaken and which can expect less investment and fewer tourists.

For policymakers, painful decisions loom. Energy storage is part of the solution. It was foolish of Mr Trump not to replenish America's oil reserves at the low prices that prevailed before the war. Adding to emergency stocks will now cost more. High prices should induce more supply outside the Middle East. Until it does, countries like America may find it hard to resist the lure of energy protectionism. When oil producers and refiners, including China and India, start to restrict exports in an attempt to protect their consumers from high prices, the damage to other countries can be severe.

Central banks will have to cope with a renewed inflationary threat that heightens the risk of both recession and wage-price spirals. And politicians will face voters clamouring for energy subsidies, like the support doled out in the rich world after Russia invaded Ukraine, which exceeded 2.5% of GDP in many European countries, adding to their debts. That would shift the pain to poorer countries, especially in Asia; in 2022, Bangladesh endured blackouts. It is difficult to predict how this crisis will end. But even if countries get policy right, it is already clear that the war has made the world economy less prosperous, more volatile and harder to govern.

The Economist

This article was republished under the Creative Commons licence

<https://www.economist.com/leaders/2026/03/12/an-attack-on-the-world-economy>

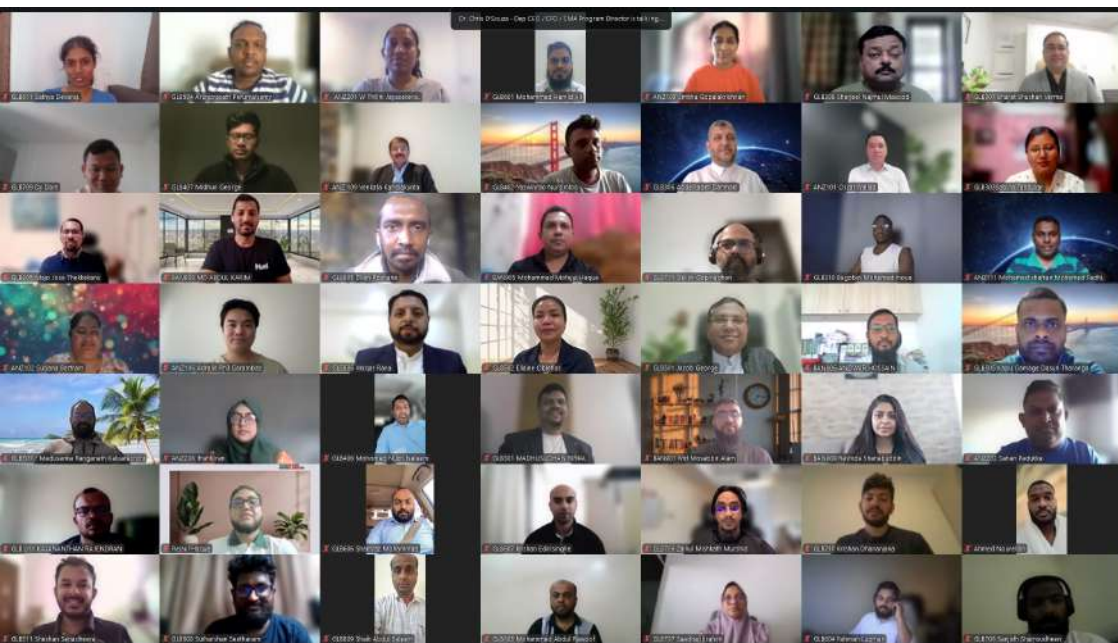
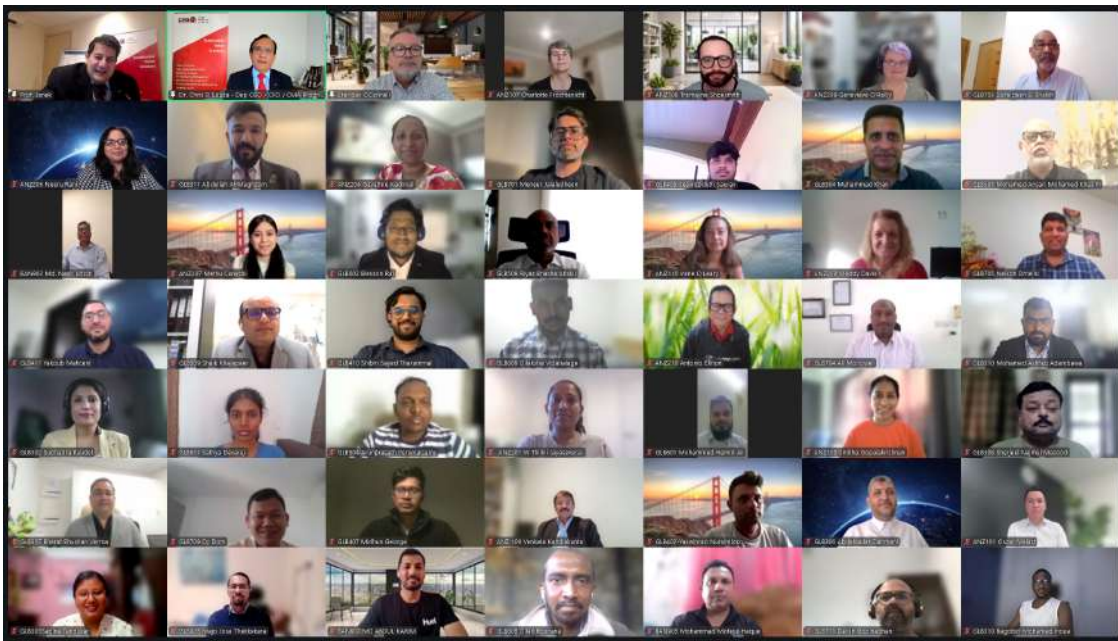
REGIONAL OFFICE & BRANCH NEWS

Australia & New Zealand

12th Global Zoom CMA Program

The Twelfth Global Zoom CMA Program was held over 3 weekends in March 2026. It was an immense success with 99 participants from 24 countries. It commenced at 1pm AEDT and finished at 9pm each day. The most participants were from Australia and New Zealand. There were those who tuned in from Canada at Midnight the day before; and from New Zealand who finished after midnight the day following! There were also participants from Europe, Africa, Saudi Arabia, Qatar, Bangladesh, Nepal, India, Sri Lanka and Mauritius.

From March 7 onwards, some of the participants from the middle-east showed their commitment to the CMA program as they continued to follow the Zoom presentations despite the noise of missiles exploding in their vicinity could be heard.

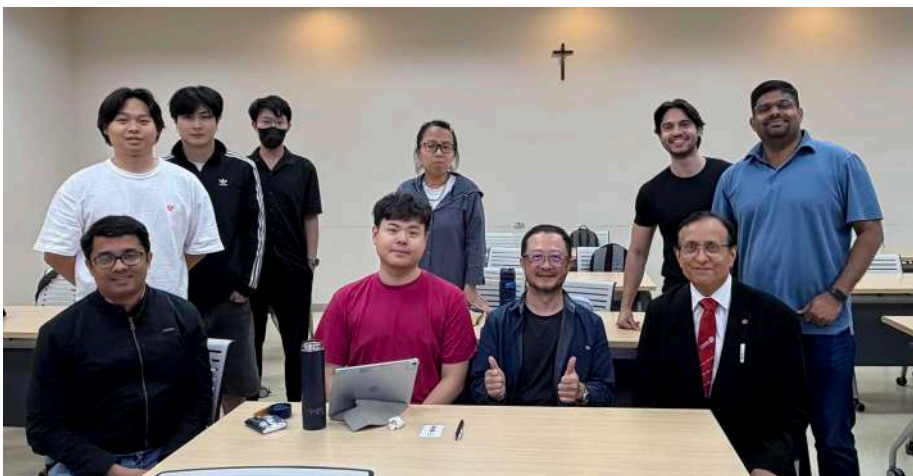


The presenters were Prof Janek Ratnatunga, Prof Brendan O'Connell and Dr. Chris D'Souza. Given the incredible logistics involved, it was a team-teaching effort on all the days. From the comments posted in the chat boxes; it was extremely well received. Special commendation must go to Mr. Kapila Dodamgoda, who is responsible for marketing the Global GMA conversion program and Mr. Kumar Khatiwada the Regional Director of Nepal, for once again promoting the program.

Taiwan

Strengthening Global Academic Links

Dr. Chris D'Souza, Deputy CEO & CFO of ICMA Australia & New Zealand, recently visited *Fu Jen Catholic University* in New Taipei City as part of the Institute's ongoing efforts to strengthen global academic engagement across Asia. During the visit, he met with Associate Professor Kai-Ping Huang, Associate Dean (International Affairs) and Director of the MBA Programs in International Management, and Professor Mei-Juh Huang, Dean of the College of Management and Professor of Accounting. Discussions focused on the University's internationalisation strategy, the positioning of its MBA programs, and the importance of embedding professional management accounting frameworks into postgraduate education.



A key highlight was Dr. D'Souza's address to MBA students on the evolving role of Management Accounting in an increasingly complex and compressed global environment. The discussion was highly interactive, with strong student engagement on data-driven decision-making and the impact of artificial intelligence on the profession.

The visit also provided an opportunity to explore potential areas of collaboration between ICMA ANZ and Fu Jen Catholic University, including executive education initiatives, pathways into the CMA Program, and joint academic activities.

Sri Lanka

Face-to-Face 7-Day Intensive CMA Program in Sri Lanka

Despite the US & Israel vs. Iran war that broke out on February 28 and disrupting fuel supplies in Sri Lanka, from March 21 to 29, 2026 the Academy of Finance and ICMA successfully delivered the 27th 7-Day Intensive CMA Program in Colombo. Professor Janek Ratnatunga and Mr. Kapila Dodamgoda successfully delivered the course in face-to-face mode at the Galle Face Hotel in Colombo Sri Lanka. The program is offered exclusively by the Academy of Finance in Sri Lanka. Over 65 senior managers including CEOs and CFOs from all sectors of the Sri Lankan economy including bankers, manufacturers, and NGOs attended this program. This program also attracted several international participants from the Gulf region who had sought refuge in Sri Lanka.



The full-house of the participants of the CMA Qualifying Program held at Galle Face Hotel in September 2026.



Mr. Kapila Dodamgoda, Regional Director Sri Lanka and Professor Janek Ratnatunga, CEO of ICMA(ANZ); and, with the participants of the CMA Qualifying Program held at Galle Face Hotel in September 2026.



Student working intensively on the simulation game.

Bangladesh

The CMA Australia Bangladesh Society (CABS) hosted an engaging get-together on Thursday evening, April 16, 2026, bringing together 67 Fellow and Certified members in a vibrant and collaborative setting. The event was graced by the President of CABS, Mr. Masud Khan, as Chief Guest. Distinguished office bearers including Vice Presidents Mr. Riad Hossain and Mr. Reza-Ur-Rahman Mahmud, General Secretary Mr. Md. Zakir Hossain and Treasurer Mr. Md. Mokarrom Hossain were also present. The gathering served as a valuable platform for members to reconnect, exchange insights, and reinforce their shared professional identity within the CMA (ANZ) community in Bangladesh.



Throughout the evening, members actively shared perspectives on advancing continuous professional development, strengthening professional excellence, and fostering a culture of collaboration. A strong emphasis was placed on building deeper connections among members and cultivating a benevolent mindset centered on mutual support and growth. The discussions reflected a collective commitment to not only elevate individual competencies but also to contribute meaningfully to the broader professional ecosystem. The event concluded on a high note, reaffirming CABS's role as a catalyst for unity, development, and excellence among CMA professionals in Bangladesh.

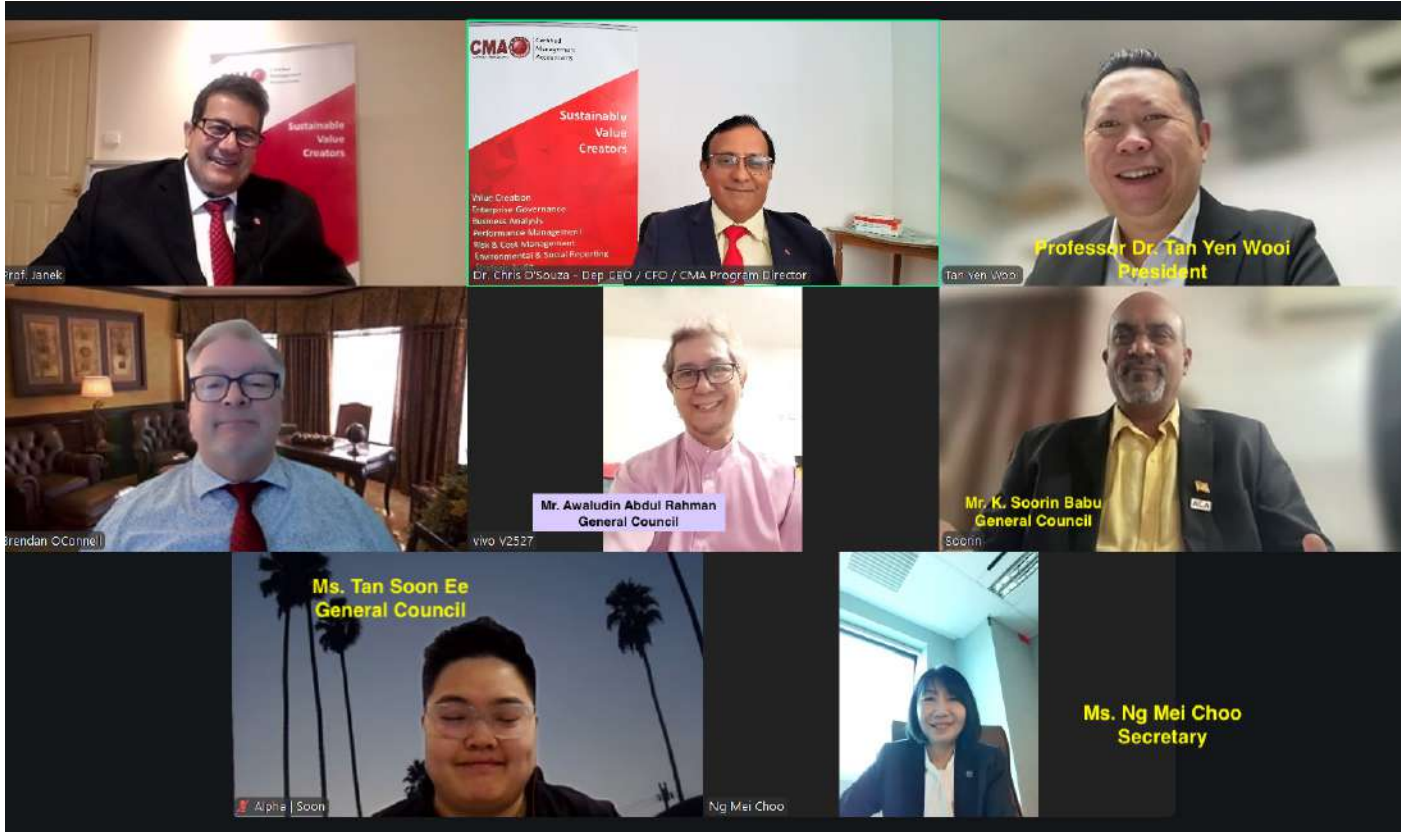


Malaysia

MOU signed with Association of Certified Accountants

A Memorandum of Understanding between the Association of Certified Accountants (Malaysia) and the Institute of Certified Management Accountants (Australia & New Zealand) was signed on 27 February 2026, by Prof. Dr. Tan Yen Wooi, the President of the Association of Certified Accountants, Malaysia and Prof Brendan O’Connell, the President of the Institute of Certified Management Accountants (Australia & New Zealand).

This agreement will serve to both strengthen the professional accounting links between two of the world’s leading economies and provide highly skilled professional accountants for the global labour market, enabling both institutes to work together to enhance recognition of the profession and their professional bodies.



Senior Members of the Two Institutes at the Signing Ceremony over Zoom

The Association of Certified Accountants, Malaysia (ACA) is the third largest accounting body in Malaysia, after the Malaysian Institute of Accountant (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).



A WARM WELCOME TO OUR NEW MEMBERS (April 2026 - May 2026)

Abdelkader Dahmani
Abdul Sirazuddin
Abdulrahman Saadi
Adhitya Dharma
Aditya Adhyatma
Ahmad Husain Hafeezullah KV
Ali Chehadi
Ali Monower
Alpin Napitupulu
Andreas Trimurti
Antonio Elinon
Anugrah Sulisty
Astrid Maharani
Ayman Faytrouni
Benjie Hernandez
Bharat Bhushan Verma
Binh Le
Carwin Ricafort
Charbel Assaf
Charbel Tarabay
Christian Magbanua
Chun Kit Philip Chong
Cristobal Saab
Deepak Raj Bhat
Diep Vo
Douglas Froggatt
Duong Le
Duy Khanh Tran
Duyen Vu
Elie Bsaibes
Fadilla Ardianty
Fihifauzan Firdaus
Firas AL Sabeh
Genevieve O'Reilly
Georges Chlela
Georges Mourad
Gina Loulou Nehme Youssef
Halim Tjiwidjaja
Helny
Hieu Dang
Hieu Vu
Hin Shing Chau
Hing Kit Bong
Hing Wai Bong
Hoang Tung Mai
Hoi Ki Yuen
I Komang Ananta
Ibnu Aswat
Intan Purbasari
Jacob George
Jamil EL Khoury
Jamsheer Veetil
Jean Claude Rizk
Jermia Tua
Jibin Elayedath
Juliana
Julie Morelle
Ka Wing Yeung
Kastanya Lee
Khaled Chahine
Lam Cao Gia
Lien Le
Linh Nguyen
Madeleine Davis
Majo Thekkekara
Man Ching Chan
Mark Joseph Dacume
Maya Abbas
Mayssaa Sabra
Michel Farfour
Mohamed Ansari Mohamed Khasim
Mohamed Fazlan Tharik
Mohamed Nasir Mohamed Sakoor
Mohammad Sharif Toslim
Mohammad Syah Reza
Mohammed Hamid Ali
Mohammed Uddin
Mr. Jibin Elayedath
Mr. Thang Vo Nhat
Mudugamuwa Hewage Sasindu Madhusanka
Muhammad Fahmi
Muhammad Khan
Muneer Jalaludheen
Naji Habib
Nancy Charbel
Nanik Kustiningsih
Narayana Mudiyansele Nandun Uthpala
Bandara Narayana
Nghia Ha
Nguyet Tran

Puong Nguyen Thi Thu
Phuong Nguyen Thuy Ngoc
Raghawendra Shetty
Rajia Ezzeddine
Riyaz Abdul
Rizqi Amalia
Roger Samarany
Rola Salem
Rudiansyah Yuliatma
Saadha Ibrahim
Sahan Padukka
Saifelddeen El Shaikh
Sandaru Dilhara
Shaik Khajapeer
Shanika Karunarathna
Sing Yue Chan
Sivapalan Thanshanth
Sk Md Ahmed
Suet Lai Mak
Suyanto
T. Muhd. Vahlevi
Tanos Assaf
Thang Vo Nhat
Them Tran
Thi Nguyen
Thierry Guillaume Francoise
Thomas Earakuzha
Thu Hoang
Tien Tran
Trang Le
Tu Lai
Tuan Phan Van
Umiyatun Triastuti
Vinh Nguyen
Wan Ki Kwan
Waqar Rana
Waseem Abbas
Yasser Arafat
Yen Nguyen
Ziad Masri



CMA EVENTS CALENDAR

- **Feb 28- March 2, March 7-8 & 14-15, 2026:**
Twelfth CMA Global Zoom Program in Strategic Cost Management & Strategic Business Analysis, Syme Business School, Australia. (Zoom).
- **March 21-29, 2026:**
CMA Program Workshop organised by Academy of Finance, Sri Lanka.
- **April 11-19, 2026:**
CMA Program Workshop organised by SMART Education Group, Dubai.
- **April 25-27, 2026:**
Certificate of Proficiency in Strategic Cost Management, and April-30-May 3, 2026: Certificate of Proficiency in Strategic Business Analysis SMU Academy, Singapore (14th Intake). (Zoom).
- **April 26-May 4, 2026:**
CMA Program Workshop organised by SMART Education Group, Dubai.
- **June 20-29, 2026:**
CMA Program Workshop organised by SMART Education Group, Dubai. [Rescheduled]
- **July 4-12, 2026:**
CMA Program Workshop Batch 2, organised by Expert Edge, Calicut, India.
- **July 20-21, 2026.**
Visit to CMA House Australia by CMA Philippines.
- **August 1-7, 2026:**
CMA Program Workshop, Jakarta, organised by RAD Indonesia
- **August 10, 2026:**
International Management Accounting Conference (IMAC), Indonesia.
- **August 29-31, 2026, Sept 5-7 & 12-13, 2026:**
Thirteenth CMA Global Zoom Program in Strategic Cost Management & Strategic Business Analysis, Syme Business School, Australia. (Zoom).
- **September 19-27, 2026:**
CMA Program Workshop organised by Academy of Finance, Sri Lanka.
- **Nov 7-15, 2026:**
CMA Program Workshop organised by SMART Education Group, Dubai.
- **Nov 26, 2026:**
Global Accounting, Management Accounting and Social Purpose Innovator Hall of Fame Induction, Melbourne, Australia.

PRIVATE PROVIDERS

Wharton Institute of Technology and Science (WITS), Australia

Syme Business School, Australia

Academy of Finance, Sri Lanka

IPMI (Indonesian Institute for Management Development), Indonesia

Singapore Management University Academy (SMU Academy)

Business Sense, Inc., Philippines

Headway, HBSS, Lebanon

Skillpert Training FZE, UAE

Institute of Professional and Executive Management, Hong Kong

AFA Research and Education, Vietnam

Segal Training Institute, Iran

Business Number Consulting, Indonesia

RAD Indonesia, Indonesia

New Zealand Academy of Management

Skillpert Education Consultancy, India

CMA Australia-Bangladesh, Bangladesh

Academy of Management Accountancy, Nepal

Expertedge Education Consultants LLP, India

ICMA AUSTRALIA

Global Head Office

CMA House
Monash Corporate Centre
Unit 5, 20 Duerdin Street
Clayton North, Victoria 3168
Australia

Tel: 61 3 85550358
Fax: 61 3 85550387
Email: info@cmaweblines.org
Web: www.cmaweblines.org

OTHER CENTERS

New South Wales

Professor Chris Patel, PhD, CMA
Branch President
Macquarie University

Northern Territory

Professor Lisa McManus, PhD, CMA
Branch President
Charles Darwin University

South Australia

Dr Mei Lim, PhD, CMA
Branch President
University of South Australia

Western Australia

Dr. Vincent Ken Keang Chong
Branch President
UWA Business School

Queensland

Dr. Gregory Laing, PhD CMA
Branch President
University of the Sunshine Coast

OVERSEAS REGIONAL OFFICES

BANGLADESH

Dr. Chris D'Souza
Country Head – Bangladesh (Pro-Temp)
Email: Chris.dsouza@cmaaustralia.edu.au
Website: <http://www.cmaaustralia-bd.org/>

CHINA

(including Hong Kong and Macau)
Prof. Allen Wong, FCMA
Regional Director and CE - Greater China
Email: info@cmaaustralia.org
allen.wong@cmaaustralia.org

CYPRUS

Mr. Christos Ioannou BA (Hons), MBA, CMA
Country Head-Cyprus
Email: chioanou@cytanet.com.cy

EUROPEAN UNION

Dr Rajan Sara FCMA, CGBA
Regional Director – UK & European Union
Email: rajansara97@gmail.com
Email: rajesh@cmaeurope.net
<http://www.cmaeurope.net>

FIJI

Dr. Chris D'Souza, CMA
Country Head – Fiji (Pro-Temp)
Website: <http://www.cmafiji.org>

INDIA

Mr. Shibili Ahmed CMA
Country Head - India
Expertedge Education Consultants LLP
Email: shibilyahmed@gmail.com

INDONESIA

Special Capital Region
(Jakarta) Regional Office
Ms. Arum Indriasari – Jakarta Centre
IPMI Business School
E-mail : arum.indriasari@ipmi.ac.id

East and Central Java Regional Office

Dr. Ana Sapanah, CMA
Regional Director - East Java
Email: anasapanah@gmail.com

IRAN

Mr. Alireza Sarraf, CMA
Regional Director- Iran
Email: sarraf@experform.com

JAPAN

Mr. Yoichiro Ogihara
Country Head – Japan
Email: yoichiro.ogihara@cmajapan.org
Website: <http://www.cmajapan.org>

LEBANON

Dr. Fawaz Hamidi, CMA
Regional Director - Lebanon
Email: hbs@cmamena.com
www.cmamena.com

MALAYSIA

[To be Appointed]

West Malaysia Regional Office

Dr. Ridzwan Bakar, FCMA
Deputy Regional Director - West Malaysia
Email: ridzwan.bakar@mmu.edu.my

CAMBODIA

Mr. Sok Sophal, CMA
Country Head- Cambodia
Email: soksophal@lolc.com.kh
Website: www.cmacambodia.org

NEPAL

Mr. Kumar Khatiwada, CMA
Regional Director – Nepal
Email: kumar_kha@hotmail.com
Website: <http://www.cmanepal.org>

MYANMAR

Mr. Maung Soe Naing, CMA
Country Head – Myanmar
Email: SoeNaing.snaing64@gmail.com
Phone: +959 42100 5519 (WhatsApp)

NEW ZEALAND

Mr. Richard Miranda
New Zealand Academy of Management (NZAM)
Regional Director – New Zealand
Email: info@cmanewzealand.org
Website: www.cmanewzealand.org

PAPUA NEW GUINEA

Dr Thaddeus Kambanei, CMA
Regional Director - PNG
Email: Thaddeus.Kambanei@yahoo.com
<http://www.cmapng.com>

PHILIPPINES

Mr. Henry Ong, FCMA
Regional Director - Philippines
Email: hong@businesssense.com.ph
<http://www.cmaphilippines.com>

SINGAPORE

Dr Charles Phua, CMA
Country Head – Singapore
Email: charles_phua@solarisstrategies.com
Website: <http://www.cmasingapore.com>

SRI LANKA

Mr Kapila Dodamgoda, CMA
Regional Director - Sri Lanka
Email: kapiladodamgoda@yahoo.com
<http://www.cmasrilanka.com>

THAILAND

[To be Appointed]

UNITED ARAB EMIRATES

Mr. Shakeeb Ahmed, CMA
Regional Director - U.A.E. & GCC Countries
Email: shakeeb@smarteducationgroup.org
Mobile: +971-55-1062083
Website: www.cmadubai.org

VIETNAM

Mr. Long Phan MBusAcc, CPA, CMA
Regional Director- Vietnam
Email: longplt@afa.edu.vn

The Content of this eMagazine has been contributed by members of ICMA for the exclusive use of other ICMA members for their educational and professional development.

The ICMA hosts this magazine as a 'creative marketplace' bringing together content provider members who upload interesting articles they have come across that they believe that other management accounting professionals would like to peruse for their educational and professional development. As a 'creative marketplace' On Target is protected by the Digital Millennium Copyright Act. Although ICMA constantly monitors the uploads for copyright violations; if an article or image has been uploaded by a member without obtaining the required authority, please contact ICMA on www.cmaweblines.org, and the material will be taken down immediately