MAURITIUS BANKERS ASSOCIATION LIMITED

JUNE, 2021
MBA NEWSLETTER

Mauritius rolls out Phase 3 of its local deconfinement strategy from 1 July 2021. The MBA recommends the continued use of digital channels such as cards, Internet Banking & Mobile Banking, for safety, and convenience. The island is also set to open to vaccinated travellers from 15 July 2021 onwards for resort holidays. Phase 2 of the country's opening strategy will allow vaccinated travellers entry without restrictions, upon presentation of of a negative PCR test taken within 72 hours before departure; and is scheduled from October 2021 onwards.

MBA AGM elects new Chairperson

On 30 June 2021, the MBA held its quarterly Board meeting, and Annual General Meeting. Ms. Bonnie Qiu, Chief Executive Officer (CEO) of The HongKong & Shanghai Banking Corporation Ltd was elected as Chairperson of the MBA for a one-year mandate. Also elected were the two Deputy Chairpersons, Mr. Premchand Mungar, CEO, MauBank Ltd, and Mr. Grant Michael Parsons, CEO, Investec Bank (Mauritius) Limited. Ms. Bonnie Qiu is taking over from Mr. Alain Law Min, CEO of the Mauritius Commercial Bank (MCB) Ltd, and Messrs Mungar & Parsons are taking over from Mr. Mark Watkinson, CEO of Bank One Ltd, and Ms. Bonnie Qiu respectively.

The MBA conveys its sincere appreciation to Messrs. Law Min & Watkinson for the work accomplished during their mandates.

FATF on-site inspection to Mauritius

Advocacy

The Financial Action Task Force (FATF) has approved on 25 June 2021, an on-site inspection to Mauritius, which represents the final stage of the process to exit the FATF list of jurisdictions under increased monitoring. Since the inclusion of Mauritius on the FATF's list of jurisdictions under increased monitoring in February 2020, the MBA has worked with the national Anti-Money Laundering (AML) Committee, Government officials, Regulators and other stakeholders, to support the speedy completion plan of action executed by the Mauritian delegation, led by the Governor of the Bank of Mauritius. The MBA is committed to continuing to uphold the highest standards of compliance to international AML legislation and best practices as Mauritius enters the final stages of the process.

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FX Global Code of Conduct

The MBA has finalised the inception of its Public Register in relation to the FX Global Code of Conduct, which is available on our website. The FX Global Code contains a set of global principles of good practice in the foreign exchange market, which have been developed to provide a common set of guidelines promoting the integrity and effective functioning of the wholesale foreign exchange market. The MBA's Public Register regroups the Statements of Commitment of all banks that have adhered to the FX Global Code. The objective of hosting such a Register is to promote the Code's widespread adoption by foreign exchange market participants and provide further visibility to adhering banks vis-à-vis international investors and other stakeholders. This will eventually be linked on the Global Foreign Exchange Committee's Global Index of Public Registers, after the requisite approval. The Global Index is a repository of Public Registers around the world and 16 such Registers have been admitted so far.

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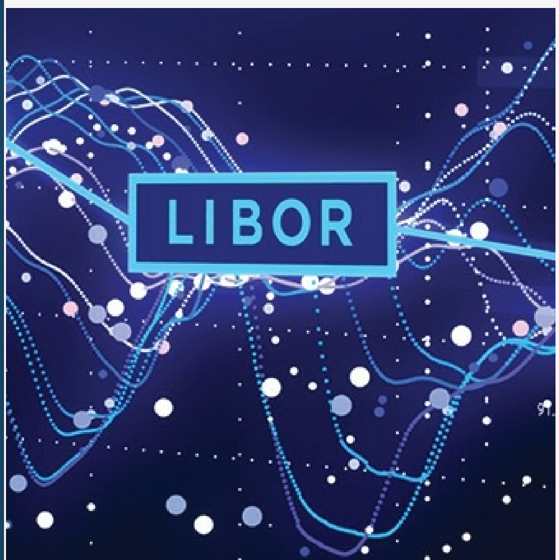
Vaccination Campaign

As part of the Government's objective to achieve herd immunity against Covid-19, the MBA has worked in collaboration with Business Mauritius, the Ministry of Health, and the Economic Development Board since March 2021, to coordinate a complex vaccination programme for bank staff. More than 5,000 bank employees have been vaccinated as at 30 June 2021, and our work is ongoing.

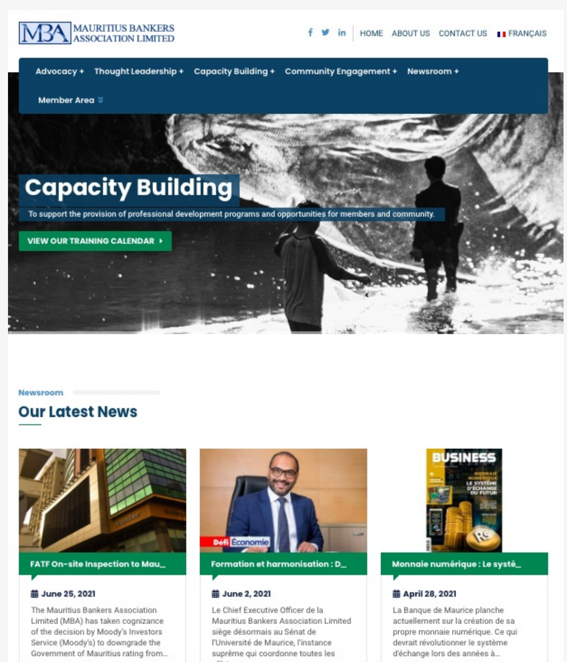


LIBOR Transition FAQs
Thought Leadership

The MBA Working Group (WG) on the London Interbank Offered Rate (LIBOR) Transition continues to meet regularly to take stock of latest developments and discuss key issues impacting LIBOR discontinuation. The WG has prepared a set of FAQs for clients on the subject, as part of its initiatives to facilitate a smooth LIBOR transition for the MBA's member banks. The next step will be to engage with the Central Bank on this matter.

New MBA website
Community Engagement

The new MBA website is now live, and has been structured according to the four strategic pillars of the MBA, namely: Advocacy, Thought Leadership, Capacity Building, Community Engagement. The visual identity of the website includes the new MBA colour palette, and will support accessibility for persons with special needs. Banking staff currently not in our newsletter database are invited to subscribe directly from our website here.



FSI webinar & Africa Fintech Festival

Capacity Building

On 23 June 2021, representatives of MBA's member banks attended a webinar on Anti-money Laundering/Combatting the Financing of Terrorism (AML/CFT) Recognising and Filing Suspicious Transaction Reports (STRs), hosted by the Financial Services Institute (FSI). Mr. Mohamed Khan, Chief Executive Officer of the FSI covered the legal and practical aspects, the misapprehension surrounding tipping off, the potential liability when dealing with clients after filing Suspicious Activity Reports (SARs) or STRs and the potential downsides of too many defensive SARs/STRs during the session. Members of the MBA have also attended the 3rd Africa FinTech Festival edition themed 'FinTech, Sustainability and Innovation – The power trio to fast-forward Africa's growth'. This one-day virtual event was organised by the Mauritius Africa FinTech Hub in collaboration with the Africa FinTech Network on 17 June 2021.

Global Minimum Tax rate

On 16 June 2021, the MBA along with Chief Finance Officers from member banks MCB, HSBC, Absa Mauritius, and Standard Chartered Bank Mauritius participated in the Mauritius Revenue Authority's tax working Group. The implications of the introduction of a Global Minimum rate of tax for Mauritius were brainstormed during the meeting. Subsequently, a meeting was held on 25 June 2021 at the Bank of Mauritius, for further discussions. Internationally, G7 countries have committed to a global minimum tax of at least 15%. The details will be further discussed at an upcoming G20 meeting in July 2021, where developing countries' views would also be sought. Pillar 2 is expected to capture far more companies than Pillar 1, up to about 8,000 multinationals according to initial estimates in the press. The inception of a Global Minimum Tax will impact the business models of many global corporates and the tax framework of many countries around the world. The MBA continues to closely monitor developments in global fiscal policy.

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MCCI Commission on Financial Services

Advocacy

On 28 June 2021, the MBA participated in the Mauritius Chamber of Commerce and Industry (MCCI) Commission on Financial Services, which includes representatives

from the Banking, Non-banking, ICT, and Ports sectors. The Commission reviewed measures announced in the Budget speech, and the current challenges prevailing, with a view to following up on the implementation of proposed measures of relevance to the services sector. There is a keen interest in seeing how the services sector can be further boosted, with the reopening of borders and the new trade agreements.

Outreach session on LIBOR

Thought Leadership

On 17 June 2021, the MBA along with its member banks participated in a virtual outreach session organised by the Bank of Mauritius on the phasing out of the London Interbank Offered Rate (LIBOR). Speakers Ms. Simonetta Iannotti, member of the Secretariat of the Financial Stability Board (FSB), Ms. Leman Menguturk and Mr. Jugvinder Singh, policy analysts of the Sterling Markets Division of the Bank of England, Mr. David Bowman, Senior Associate Director, Monetary Affairs Division, Federal Reserve Board of Governor, and Mr. Ashoo Palayathan, Chairperson of the MBA Working Group (WG) on LIBOR Transition highlighted the various challenges faced by financial institutions relating to the transition, both domestically and internationally.

Some of the key takeaways from the session relate to the following: international collaboration remains crucial to expedite the transition process, regulators have encouraged widespread use of risk free rates as the most robust reference rates for most global markets, the use of the Secure Overnight Financing Rate (SOFR) as alternate rate to the USD LIBOR is growing quickly in the derivatives markets, and the use of ISDA spread adjustments in the loan markets is now supported by the FSB.

National Budget measures

On 8 June 2021, the Chairperson of the MBA, Mr. Alain Law Min, and the CEO of the MBA, Mr. Daniel Essoo, met with the Minister of Finance, Dr. Renganaden Padayachy, ahead of the National Budget, to discuss the MBA's Budget proposals – in particular, pertaining to Moody's, the Financial Action Task Force, and new pillars, such as renewable energy. Since then, the MBA has been working with the Ministry of Finance, the Investment Support Programme (ISP), and the Registrar General on the implementation of some of the announced measures.

Extension of Covid-19 Support Programme

Advocacy

The MBA has worked in collaboration with the Bank of Mauritius, and the State Investment Corporation, on the modalities of the extension to the current moratorium programme, which was due to expire on 30 June 2021. A public notice was issued on 10 June 2021 by the Bank of Mauritius to that effect. Measures under the Covid-19 support programme have been extended to 30 June 2022.

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