MAY, 2021
MBA NEWSLETTER

The National Budget 2021-2022 will be presented to the National Assembly on 11 June 2021, at 17:00, by the Minister of Finance, Economic Planning and Development, Dr. Renganaden Padayachy. The MBA has submitted its 2021 Budget Memorandum titled 'Preserving Investor Confidence and Boosting Growth', to the Minister during a meeting held on 21 April 2021. It proposes concrete measures which would:

- preserve the stability of the financial services sector
- enable banks to further support key sectors of the economy
- boost growth
- help Government raise funding in a sustainable and cost-efficient manner

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FATF update

The Joint Group of the Financial Action Task Force's (FATF) International Co-Operation Review Group (ICRG) held its virtual face-to-face meeting with Mauritian authorities on 12 May 2021, to review the latest progress report submitted by Mauritius. While it is understood that work is progressing on schedule, with technical support from the Eastern and Southern Africa Anti-Money Laundering Group (the regional FATF-style body of which Mauritius is part), and a number of EU countries, an official update is expected shortly after the next FATF Plenary in June 2021.

Committee on the Future of Banking in Mauritius

Thought Leadership

The MBA has been engaging with the Bank of Mauritius via the high-level Committee on the Future of Banking in Mauritius (CFBM), to pursue the work started in the 2018 Financial Services Blueprint report, and chart out the growth path for the Banking sector in Mauritius. The Committee is currently looking to enlist the services of a suitably experienced firm of consultants to assist with this project.

ICTA consultation

Advocacy

The MBA was invited by the Information and Communication Technologies Authority (ICTA) to participate in the consultation exercise around new safeguards to prevent online harm. The MBA takes the issue of online harm seriously, and remains committed to working constructively with regulators to reduce misuse of social media platforms, especially in cases of fraud and cybercrime, while ensuring that the ecosystem maintains high international data integrity standards to support the digitalisation of the banking sector, and attract Fintech operators to Mauritius.

MBA Appointed on UoM Senate

Capacity Building

The CEO of the MBA, Mr. Daniel Essoo, has been appointed on the Senate of the University of Mauritius in May 2021. The Senate is the committee which coordinates all academic matters at the University of Mauritius. The first meeting of the Senate was held on 27 May 2021. This appointment is part of the growing engagement between the MBA and tertiary education institutions, and will help bring greater alignment between the needs of the banking industry and the work of the University of Mauritius.

Recent international tax ***developments***

Thought Leadership

With the fresh support of the newly-elected US administration, a proposal for a Global Minimum Tax Rate recently gathered further momentum among OECD countries. On 6 May 2021 the MBA organised a webinar with Mr. Mario Hannelas, Technical Advisor to the Director General of the Mauritius Revenue Authority & former Director of the Large Taxpayer department, to talk about recent changes to international taxation, and their potential impact on Mauritius. He explained that under the Pillar 1 of the BEPS initiative, a number of mechanisms had been put in place to reduce tax avoidance by global digital firms; under Pillar 2, the OECD was looking at introducing a minimum rate of tax to reduce jurisdictional arbitrage by multinationals. The combined effect of both Pillars would have far reaching consequences for the largest US and EU taxpayers. However, in his view, these developments should, under their current form, have a minimal impact on the business of banks present in Mauritius. The MBA continues to closely monitor developments in global fiscal policy.

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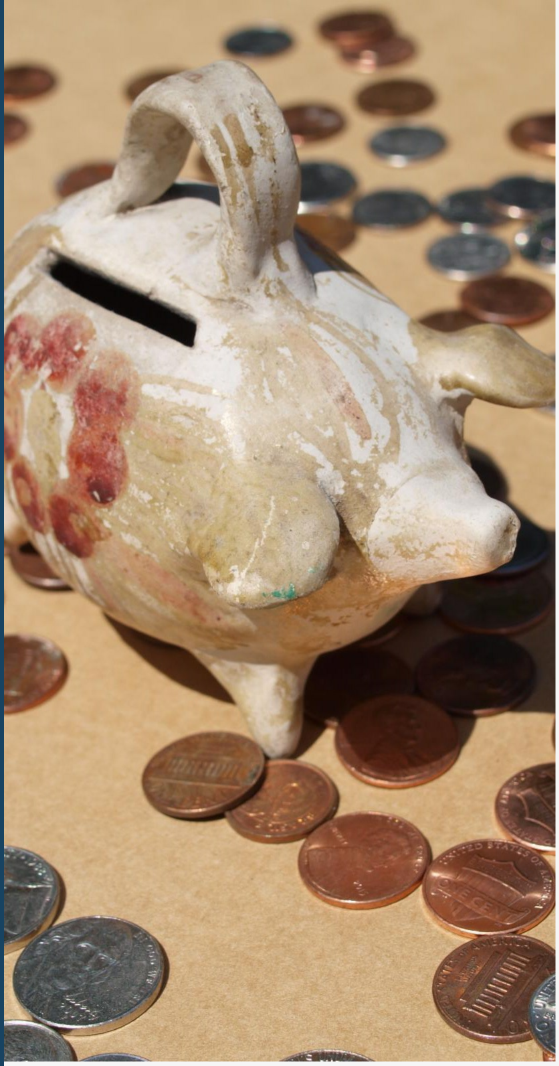
LIBOR transition
Thought Leadership

As part of its ongoing work to facilitate a smooth London Interbank Offered Rate (LIBOR) transition for its members banks, the MBA hosted Mr. Nicholas Tandy, Director, Head of Thought Leadership, Asia Pacific Corporate Risks Solutions, Global Banking, HSBC, Hong Kong, for an online presentation to member banks on 25 May 2021. Mr. Tandy touched down on the challenges relating to the adoption of Risk Free Rates in terms of products & services, operations, customer engagement, risk and systems readiness. Moreover, term Secured Overnight Financing Rates (SoFR) were not expected to be published before year end. He also

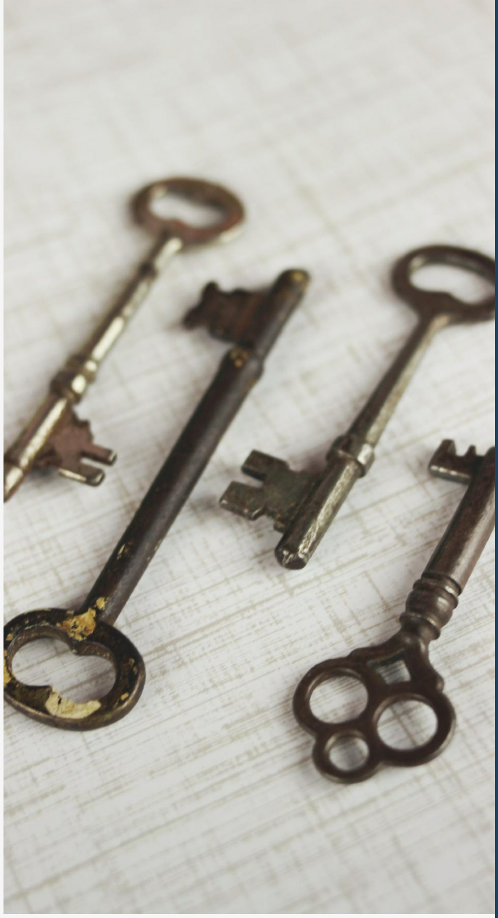


answered specific questions from member banks. Another presentation is scheduled in a few months. The MBA Working Group on LIBOR Transition also held its monthly online meeting earlier during the month and exchanged best practices on several aspects such as legislation, credit adjustments, and the latest international developments.

Restriction of Property (Non-Citizens) Act

Advocacy

On 29 April 2021, the Non-Citizens (Property Restriction) (Amendment) bill was swiftly enacted, in order to promptly close a material loophole, whereby Foundations could potentially be misused to circumvent the principle of the Restriction of Property (Non-Citizens) Act (RPNCA). While the amendment serves a commendable objective, it brought a number of stringent unintended consequences for the Banking Sector, particularly around the process to issue secured credit in cases where a real estate asset has any amount of foreign beneficial ownership. The MBA has been working with lawyers, Business Mauritius and professionals from the Real Estate sector on a number of proposals, to address these unintended consequences, while ensuring that the anti-abuse objective of the amendment is achieved.



Development of debt market in Mauritius
Thought Leadership

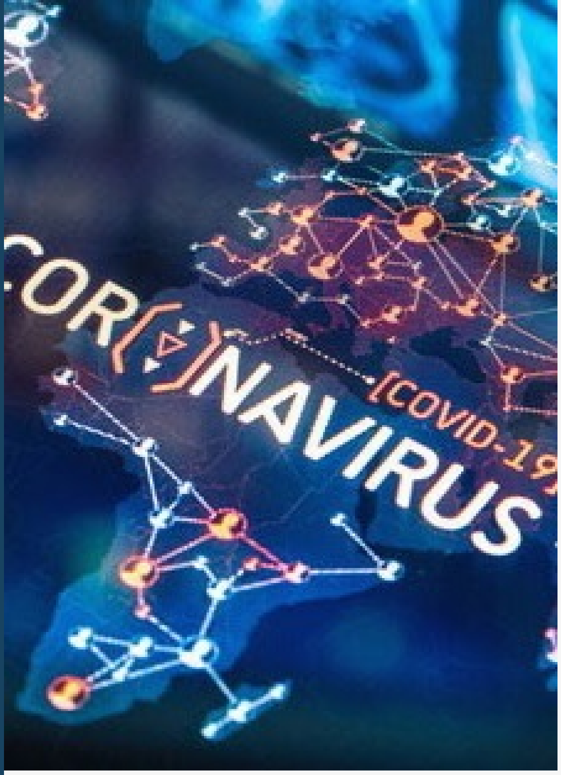
On 12 May 2021, the MBA Sub-Committee on Capital Markets organised a webinar where Mr. Dean d'Sa, Managing Director of Pleion Corporate Finance, shared his thoughts on the development of the local bond market, and on how Mauritius can further develop into a regional USD fundraising platform. He invited banks to leverage on their treasuries and affluent client base and develop a portfolio of corporate bonds. He also reflected on the opportunities that the relatively low cost of USD and investment grade of the jurisdiction offered in relation to USD fundraising for African Corporates, and the role that the Stock Exchange could play in this regard.

Contactless Payments discussion & awareness

The MBA, in collaboration with Mastercard, has organised a working session for the banking industry on 21 May 2021. The objective of this event was to share best practices on Contactless Payments, with an opportunity to improve payments security, increase customer experience, and mitigate fraud on the market. The MBA is also running an awareness **campaign** on contactless payments from 24 May 2021 to 3 June 2021 on MBC channel 1 19:30 news bulletin, Defimedia Au Coeur de l'Info 17:00 news bulletin, and Top FM Top TV Info 20:00 news bulletin. The aim is to inform customers about the use of, and precautions related to Contactless Payments, based on the safety tips prepared by the MBA Card Fraud Prevention Forum. The campaign is expected to have a reach of over 800,000 people.

Covid-19 initiatives
Community Engagement

The MBA is actively working to support the public at large, and the banking community, through the pandemic. In addition to its education campaigns on the safe use of contactless and digital channels (on peak time TV, Radio and social media), the MBA and its members have also worked hard to ensure that customers in Red Zones have access to free-of-charge ATM services. The MBA has also supported an initiative to speed up the repatriation of employees of banks



who have been stranded in South Africa for several months. Finally, the MBA is also liaising with public authorities to secure vaccines for all employees of banks, whose frontliners provide an essential face-to-face service to the public at all times.

Retirement plans
Thought Leadership

The MBA is also working with the Insurers' Association, regulators and policy makers to rectify anomalies in relation to Retirement plans and the Portable Retirement Gratuity Fund (PRGF). Several private schemes, which provide employees with a lump sum at retirement, do not currently qualify for an exemption from the PRGF. The proposals aim to widen the range of private schemes available to employees of banks, and help dynamise the Pensions industry at large.

Strategic orientation of the MBA International Sub-Committee

On 19 May 2021, the MBA International Sub-Committee held its quarterly meeting with CEOS, Deputy CEOs, Heads of International Banking, and Relationship Managers in attendance. The main objective of this meeting was to brainstorm on the strategic focus of the Sub-Committee. Members identified the following themes as key areas of interest; namely: the future of banking, new business opportunities, the emergence of

the African continent, enablers to move up the value chain, the conducive role of digitalisation and technology, as well as risks elements to consider. The latest developments at the level of the EU/OECD were also discussed. The MBA would invite different speakers to the subcommittee to address key topics of interest. The next Meeting has been scheduled in June 2021 and would be dedicated to cross border business and international connectivity.

Renewable Energy & Audit Committee workshops

Capacity building

Representatives of the MBA's member banks have participated in a virtual workshop by the SADC Centre for Renewable Energy and Energy Efficiency (SACREEE), on Renewable Energy Project Appraisal Workshop for Financial Institutions in the SADC Region, held from 3 May 2021 to 28 May 2021. The MBA has also participated in the Audit Committee Guidelines for Evaluating a

ATM services in Red Zone

Community Engagement

Further to the designation of Vallée Pitôt as a Covid-19 'Red Zone' area on 24 May 2021, banks have undertaken exceptional measures by deploying mobile ATMs, in order to ensure access to cash at all times, for inhabitants of this region. The ATMs will remain available to the inhabitants throughout the duration of the access restrictions currently in force. For safety and sanitary

Whistleblowing System workshop organised by ACCA Mauritius, the Mauritius Institute of Directors, and KPMG, on 29 April 2021. The workshop focussed on the importance of whistleblowing systems, provided an international perspective, as well as practical insights in relation to the subject.

precautions, the MBA recommends the use of digital channels such as cards, Mobile Banking, and Internet Banking, as far as possible.