

99 Definitions of key terms and phrases
used in banking, and bank regulation.

Glossary of **COMMON BANKING TERMS**



MAURITIUS BANKERS
ASSOCIATION LIMITED

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1. **Account balance** - The credit or debit balance in a bank account at a specific point in time.
2. **Account Statement** - A statement of transactions over a specific period of time. The statement usually includes the balance on an account at the end of the statement period.
3. **Amount due** – The amount that is payable to the bank from time to time by a customer for taking of a loan, credit card facilities, overdraft, etc.
4. **Administrative fee** – A fee charged to a customer by a bank, to cover expenses related to administrative cost.
5. **ATM (Automated Teller Machine)** - A cash machine or freestanding electronic banking device dispensing cash which may also provide other information or services to clients who have a card and a PIN, password or other means of unique identification.
6. **Acquiring bank** – A bank that offers payment card acquiring services (i.e. the acceptance of cards from the public for purposes of payment) to merchants.
7. **Automatic Clearing House (ACH)** - A electronic funds transfer system that allow banks to electronically clear and settle payments.
8. **AML-CFT** – This means ‘anti-money laundering and combatting the financing of terrorism and proliferation’ as per the Financial Intelligence and Anti-Money Laundering Act (FIAMLA).
9. **Account monitoring Order** - An order requiring a financial institution to provide certain information held by them relating to a customer’s account for the purposes of an investigation into the proceeds of crime.
10. **Attachment Order** - An order made to your bank to prevent it to dispose of any funds held in an account. Such order may emanate from the Mauritius Revenue Authority or ICAC.
11. **Arbitration** – Arbitration is an alternative means of settling a dispute, using an independent third party, an arbitrator, without going to court. The arbitrator has the authority to make determinations and decisions that are binding on the parties.
12. **Bank of Mauritius** - The Bank of Mauritius, the central bank, responsible for the regulation and supervision of financial institutions carrying on activities in Mauritius.
13. **Banking and payment systems** - The underlying clearing, money transmission and computer systems used by banks.
14. **Bank charge** – means all and any charges and fees made by banks to their customers.
15. **Bankruptcy** – This refers to the formal recognition that a person cannot pay their debts as they are due.
16. **Cash Advance** - Cash taken out (withdrawn) from a line of credit or credit card.
17. **Card** - A general term for any card used to pay for goods and services and/or to withdraw cash.
18. **Credit Limit** - The maximum amount available on a line of credit.
19. **Credit Scoring** - A system used to determine whether an institution will grant credit to a person or business. Credit scoring uses payment history, total amount of debt, total income, repayment capacity, etc. to establish a credit score.
20. **Collateral** - Security that are given to an institution to secure a loan or form of credit being given.
21. **Consent** - Permission/agreement.
22. **Countermand** - Revoke or Cancel.
23. **Cheque** - A cheque is an unconditional order in writing drawn on a bank to pay, on demand, a sum of money as specified in words and figures by a drawer with his signature. A cheque is valid for one year as from the date of issue.
24. **Cheque Book** - A book of cheques with your name printed on them that is given to you by your bank to make payments with.
25. **Compound interest** - means the addition of interest to the original capital invested (the principal) and the payment of interest in the next cycle on the total of that amount, leading to interest being paid on interest.

26. **Capitalised Interest** - Interest that a lender receives by adding the unpaid interest to the amount of the loan balance to be paid by the borrower.
27. **Corporate Governance** - is the system of rules, practices, and processes by which a firm is directed and controlled. A sound corporate governance framework is a prerequisite for the effective functioning of banks. Banks adhere to the underlying principles relating to corporate governance in line with the Code of Corporate Governance for Mauritius and the relevant Bank of Mauritius Guidelines.
28. **Court Order** - A direction or instruction issued by a Court.
29. **Cross-Border Payments** - Payments made to, and received from, an overseas account.
30. **CRS** – means Common Reporting Standard. Following the signature by Mauritius of the Multilateral Competent Authority Agreement (MCAA), Mauritian financial institutions, including banks, are required to implement the Organisation for Economic Co-operation and Development's (OECD) Common Reporting Standard for Automatic Exchange of Financial Account Information (CRS) as from 1 January 2017, which is applicable to tax residents of countries other than Mauritius. As such, banks and other financial institutions are required to collect and report to the Mauritius Revenue Authority (MRA), personal and financial data of account holders, including an account holder's tax residence.
31. **Conservator of Mortgage** - The guardian and conservator of all deeds and documents deposited at the Registrar General's department.
32. **Customer Information Order** - An order requiring a financial institution to provide certain information held by them relating to a customer for the purposes of an investigation into the proceeds of crime.
33. **Direct debit** - An instruction in writing duly signed by a customer to a bank to pay a sum of money, to be specified by the beneficiary, as claimed for a particular service provided by the beneficiary to the customer.
34. **Digital Banking Facilities** - Banking products and services offered by institutions via different electronic channels, online or through access devices, including personal computers, mobile and other intelligent devices.
35. **Due Diligence** - The formal process of obtaining customer information and assessing the value and correctness of this information for the purposes of detecting, monitoring, and reporting suspicious activity.
36. **Data Subject** - A data subject means an identified or identifiable individual, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that individual.
37. **Data Controller** - A person who, either alone or jointly with any other person, makes a decision with regard to the purposes for which and in the manner in which any personal data are, or to be, processed.
38. **Default** - Failure to repay credit or to meet other conditions/obligations that were agreed to.
39. **Damages** – A remedy in the form of monetary compensation to a person who has suffered a loss or harm due to unlawful act or omission of another.
40. **Endorsement** - A person's signature on a document, in the context of a cheque it is done to transfer the cheque to someone else.
41. **Exclusion clause** - A term in a contract that seeks to restrict the rights of the parties to the contract.
42. **Express terms** - The terms in a contract that have been specifically mentioned and agreed by both parties, whether orally or in writing.
43. **EMV Chip Cards** - EMV stands for Europay, MasterCard, Visa, the three organisations that developed and established EMV as the global standard for chip-based credit and debit transactions. Chip cards are payment cards carrying an embedded microchip. The computing power of the chip means that smart cards can offer new payment options and services, additional levels of

- security, and more convenience and choice.
44. **Electronic funds transfer (EFT)** - The transfer of funds electronically between accounts, without the physical movement of cash.
 45. **Financial Lease** – A commercial contract in which the lessor lets the lessee use an asset against periodical payments. The lessee obtains ownership of the asset upon the expiry of the lease.
 46. **Fixture** – This refers to a movable item that becomes attached to an immovable property and thus becomes part of the immovable property.
 47. **Freehold** – A form of ownership of immovable property where the property is owned outright.
 48. **Force Majeure** - A ‘force majeure’ clause in a contract exempts a party from performing his contractual obligations due to unforeseen events beyond his control. These events include but are not limited to natural disasters such as floods, earthquakes and other acts of God, as well as uncontrollable events such as war or terrorist attacks.
 49. **Fixed Charge/ Floating Charge/ Crystallization** - Fixed and floating charges are a type of security that a lender can register over a borrower’s assets. In the case of a fixed charge, the one or more specified assets and in the event of the borrower defaulting on the terms of the agreement, the asset will be seized and sold in order to pay back the loan. On the other hand, a charge which is not particular to any asset is known as Floating Charge. The floating charge is dynamic in nature and the quantity and value of asset change periodically. It is also used as a mechanism to secure the repayment of a loan. In the case of a floating charge, the borrower has the right to sell, transfer or dispose off the asset, in the ordinary course of business. In the event that the lender obtains the right to seize the assets over which a floating charge is registered as a result of non-payment by the borrower, the floating charge must first be converted to a fixed charge. This is known as crystallization of the floating charge.
 50. **FSC** – The Financial Services Commission Mauritius is the integrated regulator for the non-bank financial services sector and global business.
 51. **FIU** – The Financial Intelligence Unit is the central Mauritian agency for the request, receipt, analysis and dissemination of financial information regarding suspected proceeds of crime and alleged money laundering offences as well as the financing of any activities or transactions related to terrorism to relevant authorities.
 52. **FATCA** – means the Foreign Account Tax Compliance Act in terms of which Mauritian banks and other financial institutions are required to report to the Mauritius Revenue Authority (MRA) relevant account details relating to US Persons, which include individuals, companies and any other body of persons, for onward transmission to the US Internal Revenue Service (IRS). The US Persons falling under the purview of FATCA include individuals who hold more than USD 50,000 in their bank accounts as well as those entities which are organized in the United States or controlled by US Persons with account balances in excess of USD 250,000.
 53. **Guarantor** - A Guarantor is a person who gives his movable and immovable property as security and/or a person who signs a contract of guarantee and/or promises to pay any outstanding debts if the principal debtor/s or borrower/s is/are unable to honour his/her/their obligations.
 54. **Issuing bank** – A bank that issues payment cards to cardholders.
 55. **Implied Terms** – The terms in a contract that are implied by law or custom and practice, without being mentioned by any party.
 56. **Inactive Account** - An account that has not had a deposit or a withdrawal within a certain period of time.
 57. **Injunction** – A judicial order restraining a person from beginning or continuing an action threatening or invading the legal right of another or compelling a person to carry out a certain act.

58. **‘Know Your Customer’ Policy** - The ‘Know Your Customer’ Policy, commonly referred to as ‘KYC’, is a mandatory framework for all banks and other financial institutions used for customer identification process. It sees to it that the identity and permanent address of individuals or entities resorting to financial services are ascertained at all times. It also involves making reasonable efforts to determine the nature of the business that the customer expects to conduct with the bank, his/her source of fund, ascertaining the nature of the customer’s business and activities, among other things.
The basic KYC documents required are as follows:
As proof of identity:
- National identity card/current valid passport in respect of individual customers
 - Constitutional documents in respect of corporate customers
- As proof of address:*
- Recent utility bill or credit card statement specifying the address
 - Any other document, acceptable to the institution which proves the address.
- Note that the above are basic KYC documents and that additional documents may be requested. For corporate customers further information will be requested relating to the business of the entity and the identity of those in control thereof.
59. **Loan Statement** - A document prepared by a lending institution and presented to the borrower at the loan closing time, showing the amount outstanding and frequency of the instalments for the loan repayment.
60. **Legal obligation/duty** - The responsibility to others to act according to the law.
61. **Lessee** - refers to the customer, or the party leasing an asset.
62. **Lessor** - refers to the bank/lender, or the owner of the assets who leases the asset to another party.
63. **Leasehold** – The owner gives permission to the lessee to use the property for a period of time.
64. **Liability** – Any legal responsibility, duty or obligation.
65. **Mortgage** - A loan in which property or real estate is used as collateral.
66. **Misrepresentation** – This refers to a situation where one party to a contract makes a false statement of fact to the other, which that other person relies on.
67. **MBA** – The Mauritius Bankers Association, a voluntary association of commercial banks licensed and authorised to conduct banking business in Mauritius, existing to represent its members and to promote and establish conditions conducive to competitive, sound and responsible banking and finance business.
68. **MACCS** – The Mauritius Automated Clearing and Settlement System (MACCS) is an arrangement which allows funds to be transferred between two counterparties immediately and without risk. MACCS can be used to send funds from any account with a commercial bank to any other account maintained with a commercial bank in Mauritius.
69. **MCIB** – The Mauritius Credit Information Bureau is a repository of credit information, both positive and negative, on all recipients of credit facilities and guarantors, information from Utility bodies and Hire Purchase Companies and any other information that may reasonably assist in ensuring the soundness of the credit information system.
70. **Mediation** - Mediation is a private process where an independent third party, a mediator, assists parties to discuss and resolve a dispute. The mediator does not impose any decisions on the parties.
71. **Operating Lease** - A commercial contract where the lessor allows the lessee to use an asset against periodical payments.
72. **Overdraft** – Spending or drawing more than the available funds in an account, causing a negative balance.
73. **Overlimit fee** – A fee which is charged by a bank when a customer’s balance goes over the agreed-upon credit limit.
74. **Overdrawn Balance** – This refers to money withdrawn from a bank account in excess of the agreed-upon credit limit.
75. **Online Banking** - Account information and services available online from a bank.
76. **Personal Data** - Personal data means any information relating to a data subject.

77. **Passbook** - A paper book used to record bank transactions on a deposit account.
78. **Password** - A word or an access code that is either supplied by a bank or chosen by customers to allow them to use internet and other remote banking services.
79. **Person** - An individual or a group of individuals or a body corporate.
80. **Payee** - A person to whom a cheque or other form of financial obligation is made payable.
81. **PIN (Personal Identification Number)** - A confidential number which allows customers to make purchases of goods and services, withdraw cash and use other services at a cash machine. Customers will often have to enter their PIN into a point of sale terminal, instead of signing a receipt, to authorize a transaction. An e-PIN (electronic PIN) is also used for other digital banking services such as mobile banking.
82. **Point of Sale (POS) Terminal** - A point of sale (POS) terminal is a computerized replacement for a cashless service.
83. **Phishing** - A fraudulent act where emails, text messages, pop-up messages and phone calls are targeted to individuals, claiming to be from a reputable financial institution or e-commerce site to get the victim to release personal and confidential information such as his login code, password etc.
84. **Property** - As defined in the Companies Act 2001, it means property of every kind whether tangible or intangible, real or personal, corporeal or incorporeal and includes rights, interests and claims of every kind in relation to property however they arise.
85. **PLACH** - Port Louis Automated Clearing House is a payment clearing house comprising of all domestic banks and the Mauritius Civil Service Mutual Aid Association which offers clearing and settlement services for cheques and other payment instruments.
86. **Prudential Regulation** - A type of financial regulation that requires banks to control risks and hold adequate capital.
87. **Remittance** - An amount of money that a customer sends to someone.
88. **Returned Cheque** - A cheque which, after being paid into the account of the person it is written out to, is returned by the bank whose customer issued the cheque due to insufficient funds or due to technical errors on the cheque, for example,
 - Amounts in figures and words do not match;
 - Signatures do not match the bank's records;
 - Cheques are postdated; and
 - Cheques are outdated/stale.
89. **Remedies** - Payments or actions ordered by the court or other recognised office as settlement of a dispute.
90. **Savings Account** - A bank account that has the purpose of saving money, accumulating funds and provides an interest rate.
91. **Standing Order** - An instruction in writing duly signed by a customer to a bank to pay a certain sum of money on specific date/s to a named party during a specified period.
92. **Security** - In the context of a loan, means property given as collateral to secure obligations under a loan.
93. **Statutory** - Statutory means relating to statutes, which are laws enacted by a legislature or other governing body.
94. **Uncleared Balance** - Uncleared balance in an account, refers to the amount which is not yet credited and cannot be used.
95. **Variable rate/Floating rate** - A type of interest rate which is linked to a base rate which changes from time to time and is not fixed.
96. **Vishing** - Vishing is an electronic fraud tactic which uses voice technology. Vishing attack is when a person poses as a genuine caller and tricks individuals into revealing critical financial or personal information to unauthorized persons/entities.
97. **Void** – This refers to a contract that cannot be performed or completed at all.
98. **Wire transfer** – The process of transferring funds electronically from one party to another.
99. **Winding up** – This refers to the procedure for dissolving a legal entity.