



# JULY, 2021 MBA NEWSLETTER

## FATF Update Advocacy

At its June 2021 Plenary, the Financial Action Task Force (FATF) made *"the initial determination that Mauritius has substantially completed its Action Plan and warrants an on-site assessment to verify that the implementation of Mauritius's AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future."*

On Friday 23 July, Cabinet took note that a delegation from The Financial Action Task Force (FATF) Africa/Middle East Joint Group is looking to conduct an on-site visit from 13 to 15 September 2021 in



Mauritius. On Friday 23 July, Mauritian authorities also submitted the latest progress report to the FATF, which will constitute the basis for the on-site inspection.



## **The Finance (Miscellaneous Provisions) Bill 2021**

On 16 July 2021, the Bill was made public by the Minister of Finance, Economic Planning and Development. On 20 July 2021, the Bill was introduced at the National Assembly. The object of this Bill is to provide for the implementation of measures announced in the Budget Speech 2021-2022 and for matters connected, consequential and incidental thereto. The Bill will bring amendments to several existing legislations, including those regulating the Financial Services industry, that is, the Bank of Mauritius Act, the Banking Act, the FIAMLA, the Ombudsperson for Financial Services Act, the UN Sanctions Act; amongst others.

## **Capital Markets Advocacy**

On 12 July 2021, the CEO of the MBA, Mr. Daniel Essoo, and the Chairperson of the MBA Sub-Committee on Capital Markets, Mr. Mark Watkinson, met with senior officers from the Ministry of Finance & Economic Development and of the Bank of Mauritius, to discuss ways to deepen and broaden capital markets in Mauritius. This meeting followed recommendations made in the MBA's 2021 Budget Memorandum. While this issue has been under ongoing discussion since 2012, the current economic context presents a unique opportunity to develop Capital Markets and grow GDP. Key areas of discussion centred around increasing visibility and attractiveness, building a yield curve, and developing the secondary market. It was proposed that a working group be set up to further discuss this issue.

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## **Engagement with EDB**

### *Advocacy*

The MBA continued its close collaboration with the Economic Development Board (EDB) this month. On 2 July, the EDB hosted a meeting to discuss operationalising an MBA proposal of an online marketplace for Small and Medium Enterprises (SMEs). This proposal aims to facilitate connections between investors, SMEs and their supply chains, and give greater visibility to businesses.

On 5 July, the MBA participated in a Public-Private sector dialogue, hosted by EDB, with 28 representatives of the private sector and the Ministry of Finance. This was an opportunity to raise current economic issues.



On 20 July, the MBA participated in a consultative forum on bunkering activities, together with port operators and oil & gas firms. The purpose of the meeting was to consider ways in which to increase activity in the port, and specifically develop bunkering activity.

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## **Consultations**

### *Advocacy*



### **Draft Guideline on Stress Testing**

The MBA hosted a common meeting of Chief Risk Officers (CROs), and Chief Finance Officers (CFOs) of banks at the end June 2021, for high-level discussions relating to the Draft Guideline on Stress Testing by the Bank of Mauritius (BoM). Further to this meeting, the MBA has submitted consolidated comments received from Members to BoM, and has proposed that a dedicated working session be held with CROs and CFOs of banks, prior to finalisation of this draft Guideline, which draws on the stress testing principles of the Basel Committee on Banking Supervision (BCBS). Discussions inter-alia pertained to the need for a balance between frequency and complexity of stress testing exercises, its eventual co-existence with existing stress tests undertaken by banks, the specificity of international banks. Some banks would also need to invest in models and systems to implement this draft Guideline.



### **The Virtual Asset Business Bill 2021**

The MBA has submitted written submissions on the Virtual Asset Business Bill to the Ministry of Financial Services and Good Governance, following consultation with member banks. The objective of the proposed bill is to provide for a regulatory framework for virtual asset service providers and the issuers of initial token offerings.

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### **MBA's FX Global Code Public Register for Mauritius admitted to the Global Index Thought Leadership**

The MBA's Participating Public Register, which regroups the Statements of Commitment of all banks that have adhered to the FX Global Code, was recently endorsed by the Global Foreign Exchange Committee and is now listed live on the Global Index. The latter regroups all international market participants that adhere to the FX Global Code.



international counterparties, such as

Mauritius became only the 17th country to be included on the [Global Index](#) as well as the first African country. This inclusion is expected to boost the appeal and visibility of Mauritian banks vis-à-vis

foreign banks and institutional investors by ascertaining their adherence to highest ethical standards in relation to the foreign exchange market. For more information, please click [here](#). To consult our register, please click [here](#).



## MSB Technical Sub-Committee on Green Finance

The MBA is part of a Technical Sub-Committee on Green Finance, recently set up by the Mauritius Standards Bureau, along with other stakeholders from both the public and private sectors. Its specific mandate is to review ISO standards for possible adoption as Mauritian Standards, in relation to green debt instruments such as bonds and loans. A first meeting was held online this month. Some preliminary discussions have been held in relation to the green bonds, where alignment with the Bank of Mauritius Guide for the Issue of Sustainable Bonds in Mauritius was proposed.



## Dubai Expo 2020

The MBA is working in collaboration with other stakeholders on how best to promote the banking sector at the Dubai Expo 2020 – viewed as the World’s biggest exposition, which will be held from 1 October 2021 to 31 March 2022. A Mauritian pavilion will be manned over the duration of this event under the theme: “Mauritius Roots of the Future”. The MBA along with member banks attended a presentation on the subject matter on 20 July 2021, which was hosted by Business Mauritius, and delivered by Mr. Vinay Guddye from the Economic Development Board. The tentative



## Bank of Mauritius Thought Leadership series on Banking Resilience

On 23 July 2021, the CEO of the MBA, Mr. Daniel Essoo, participated in a panel discussion as part of the Bank of Mauritius Thought Leadership Series, held in presence of the Governor, the two Deputy Governors and Chief Executive Officers of banks operating in Mauritius. During his intervention as part of the theme – Banking Resilience: Global and Domestic Perspectives, Mr. Essoo highlighted that diversification, and taking a prudent approach are some

calendar of events for Mauritius, including for the banking and financial services sector, was shared during the presentation. The main objective is to promote the Mauritius International Financial Centre as a major financial hub, attract new business structuring investments into Africa and High Net Worth Individuals from the Middle-East. Individual banks are also interested to be represented at this major event. Dubai Expo 2020, which was initially scheduled in 2020, will connect 192 countries and some 15.5 million visitors are expected, out of which, 70% international visitors.

of the strategies adopted by Mauritian banks to maintain their resilience during these uncertain times. The panel also comprised Lord Mervyn King, Dr. Vera Songwe, Dr. Natacha Valla, Dr. Robert Wardrop, and was chaired by Mr. David Marsh.

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### **MBA Communications Sub-Committee** *Community Engagement*

On 23 July 2021, the MBA hosted the first virtual meeting of a new Communications Sub-Committee, regrouping Heads of Communications of its member banks. The purpose of the meeting was to identify areas of collaboration between different banks, especially in the areas of Financial Literacy and Financial Services promotion. The forum will be meeting on a regular basis.



### **African Emerging Leaders Programme** *Capacity Building*

Further to the participation of select bank employees to the African Emerging Leaders virtual programme, organised by the Egyptian Banking Institute from March to June 2021, we are pleased to announce that Mr. Neeraj Devendranathsingh Joosery and Mr. Arvind Kumar Gunga, both from AfrAsia Bank Limited, and Ms. Marie Stellie Pascaline Alain from The Mauritius Commercial Bank Ltd have successfully completed this programme with an overall grade of above 90%.

### **Glossary of Common Banking Terms** *Community Engagement*

As part of its Community Engagement initiatives, the MBA continues to

sensitise its audience on the services, and facilities offered by banks, and ways to manage & secure their personal finance. Our social media messaging for the month of July was based on the [Glossary of Common Banking Terms](#) released by the MBA in June 2021, and focussed on awareness around key terms relating to the use of digital channels, such as cards, Internet Banking & Mobile Banking, for a convenient, and safe banking experience. To read more, click [here](#).



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## **Africa Strategy** *International*

On 5 July 2021, the MBA participated in a brainstorming session, hosted by the Ministry of Foreign Affairs, on ways in which to increase our connectivity with mainland Africa. Representatives from Business Mauritius and the Mauritius Africa commented on opportunities, constraints and proposals. The MBA gave a presentation on the banking sector perspective. Key recommendations from the session was an increased focus on, and engagement with, key regional markets across the continent.

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## **Developing International business** *International*

Part of the mandate of the MBA is to support the development of Mauritius as an international financial centre, by identifying new products, services and markets. One key area of work is to develop a culture of risk-sharing and collaboration on cross-border deals. On 28 June 2021, Ms. Hajrah Sakauloo, Country Head of International Subsidiary Banking,



HSBC Bank (Mauritius) Limited gave a presentation on International business and Cross-border Connectivity. Members of the MBA International Sub-Committee brainstormed on how best to leverage their presence and complementarities across continents, such as Asia and Africa. The session covered syndicated deals and

collaborative refinancing of assets, the use of data, and leveraging international corridors. The presentation also covered managing risks, including credit risk, AML/CFT risk, Anti-Bribery and Corruption (ABC), legal risk and fraud. The session is being followed by a number of bilateral meetings between banks.



### **Global Minimum Tax update**

On 9 & 10 July 2021, the third meeting of G20 Finance Ministers and Central Bank Governors (FMCBG) endorsed the key components of the two pillars on the reallocation of profits of multinational enterprises and an effective global minimum tax. This follows a decision, on 1 July 2021, by the OECD's 132-country Inclusive Framework, to set a global minimum rate of tax of 15% for large multinationals (with the exception of shipping). Further details are expected to be published in October 2021.

The MBA is actively engaging with the Mauritius Revenue Authority, the Bank of Mauritius, and the Ministry of Finance in view of properly assessing the net impact of the GMT on the banking and financial services sector.



### **SADC Banking Association International**

On 28 July, the MBA participated in the latest Board meeting of the SADC Banking Association. The SADC BA includes the Banking Associations of all SADC countries, and is unique in that it operates SIRESS, a ZAR-based low-cost payment system, in collaboration with SARB and SADC central banks. Discussions covered ways of improving the SIRESS system, and an exchange of best practices and news from the SADC region. Members also discussed Afrexim Bank's Mansa Repository platform – a project to establish a regional KYC platform.

Please click here to read [more](#).

