



## OCTOBER, 2021 MBA NEWSLETTER



### Quarterly Board meeting

On 15 October 2021, the Mauritius Bankers Association (MBA) held its quarterly Board meeting. We are delighted to welcome a new member, the Bank of China (Mauritius) Limited, represented by its Chief Executive Officer (CEO) Mr. Li Lianhong. The MBA also welcomes Mr. Anoop Nilamber, and Mr. François Gamet as new CEOs of SBM Bank (Mauritius) Ltd and Standard Bank (Mauritius) Limited, respectively.

### Mauritius exits FATF list *Advocacy*

Mauritius was taken off the Financial Action Task Force's (FATF) list of jurisdictions under increased monitoring, at its latest Plenary meeting held from 19 to 21 October 2021 in Paris, along with Botswana. In the course of this meeting, the list of jurisdictions under increased monitoring was revised, and progress made by various jurisdictions was reviewed. The FATF had recognised the significant progress made by Mauritius in addressing the strategic AML/CFT deficiencies identified earlier and included in its action plan. Mauritius will no longer be subject to the FATF's increased monitoring process. Since the inclusion of



Committee, on Working Groups on Immediate Outcomes 3 & 4 (Supervision & Preventive Measures), with the implementation of Risk-Based Supervision by banks, as well as private sector interviews during the FATF onsite-visit on 13 to 15 September 2021. Mauritius will keep working with the FATF and ESAAMLG, to continue to strengthen its AML/CFT regime.

Mauritius on the FATF's list, the MBA has been active on many fronts, for the speedy completion of the national plan of action. Namely, on the national Anti-Money Laundering (AML)

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### **Future of Banking** *Thought Leadership*

The MBA, and the Bank of Mauritius are working on a project called the Future of Banking in Mauritius, which aims to devise a strategic roadmap for the banking sector; building on the work of the 2018 Financial Sector Blueprint report. Financial Services consultancy firm Oliver Wyman was appointed in October for a 3-month engagement. They are currently conducting the diagnostic phase, interviewing stakeholders and testing hypotheses; for the drafting of a report, along with an implementation plan.



### **Launch of NCCG scorecard**

On 28 October 2021, the National Committee on Corporate Governance (NCCG) launched the NCCG scorecard, with the support of University of Mauritius. The NCCG scorecard is an objective set of Key Performance Indicators (KPIs), to concretely measure progress in governance. The CEO of the MBA, Mr. Daniel Essoo, is one of the jury members, and two banks will be among the first 21 entities participating in this initiative. The NCCG scorecard supplements the national code on Corporate Governance, and is a positive step in that direction.

### **Fintech Committee** *Thought Leadership*

Earlier this year, the MBA actively participated in the deliberations of the Bank of Mauritius Fintech Committee and its four Working Groups (WG) – on Regulation, Innovation, Talent, and Capital, which culminated in a report identifying four main pillars, and setting out a clear roadmap for the development of the Fintech sector. On 8 October 2021, representatives of the Fintech



setting up of a Digital Innovation Lab. Additionally, a Fintech sub-committee

Committee met to discuss the implementation of the report, which includes some of the key proposals made by the MBA, such as the

will be set up to oversee the implementation of the WG recommendations.



## Home Loan Payment Schemes

### Advocacy

Further to the implementation of the Home Loan Payment Schemes, the MBA and member banks had a working session with the Registrar General and officers from the Ministry of Finance on 8 October 2021. The purpose of this meeting was to take stock of uptake, seek clarifications, and iron out operational issues.



## Development of Capital Markets

### Thought Leadership

The MBA, along with member banks, have been actively brainstorming and working with the bank of Mauritius during the month of October, to support the efficient functioning of the FX market. In parallel, the Capital Markets sub-committee has been continuing its work to help develop the secondary bond market in Mauritius. On 27 October 2021, the MBA met with Angel investors, and with the CEO of the Stock Exchange of Mauritius, to discuss how Mauritius can be a more dynamic fundraising platform. While on 28 October 2021, another positive meeting of a Working Group chaired by the Ministry of Finance, along with the Bank of Mauritius, and banks was held,



## Economic Commissions

### Advocacy

The Economic Commissions under the new public-private consultation mechanism, which was set up in the last Budget to help boost the economic recovery and propose measures to boost Gross Domestic Product, has started work. The MBA chairs the Economic Commission on Export of Services, and sector-specific sub-working groups have met, with proposals underway. This will feed into the next Budget exercise, and aim to Build Back Better. The National Coordination Committee for these Commissions met on 22 October 2021 to take stock of the work accomplished during the month.

looking at a range of initiatives.

## National Budget measures & Insolvency Act Reform Advocacy

- On 6 October 2021, the MBA met with the Ministry of Finance, as part of ongoing discussions on how banks could help implement a measure announced in the National Budget concerning 0% interest loans for the purpose of private medical care.
- The MBA is involved as a key stakeholder in an ongoing project for the Insolvency Act Reform, led by the Director of Insolvency (who is also the Registrar of Companies) with the technical assistance of the World Bank (WB). At that meeting, WB consultants gave an overview of their initial findings. This follows from discussions regarding the 'waterfall'



for over one year. The MBA has been advocating a fairer schedule of preferential claims, which would improve access to credit for companies.



## Business Mauritius AGM

On 20 October 2021, Business Mauritius (BM), which is the apex private sector organisation, held its Annual General Meeting (AGM). As one of the main pillars of Gross Domestic Product, the MBA is one of 9 Partner Members, with a seat on the BM Council. The organisation presented the work of its three Commissions (Economy, Social Capital, Sustainability), on that occasion.



## Bank of Mauritius Climate Change Centre

On 14 October 2021, the Bank of Mauritius (BoM) launched its Climate Change Centre. The MBA participates in the BoM Task Force on Climate change, looking at reporting, risk management and financing of climate-related projects. BoM has organised 2 webinars on the subject, as well as the MBA, – on the UK TCFD (Taskforce on Climate-related Financial Disclosures), held in August this year. The MBA will be working

with banks to harmonise their approach to climate risk.

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## **AfCFTA trade negotiations**

### *Thought Leadership*

Mauritius is currently engaged in the negotiation for Trade in Services under the African Continental Free Trade Area (AfCFTA) for a number of sectors, including financial services. The MBA is an active participant in the ongoing consultations with the Ministry of Foreign Affairs, Regional Integration and International Trade. Two meetings were thus held on 20 October 2021 and 21 October 2021 to discuss potential improvements on Mauritius' market access offers in the financial services sector, such as in the stockbroking services. Reciprocity of commitments are also being sought vis-à-vis other African countries. Measures to further remove restrictions, open up trade and investment opportunities from an intra-African perspective are also being explored. For example, these relate to the eventual removal of exchange control through a Pan-African payment system, improving air connectivity, and possibility of harmonising Visa Requirements by



having a single African passport. The AfCFTA provides signatory countries, which includes Mauritius, market access to an estimated 1.3 billion people across Africa, with a combined GDP of USD 3.4 trillion. From a banking sector perspective, the MBA's main recommendation is to focus on selected, key markets across the continent for yielding concrete results in terms of business expansion and opportunities.



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## **Covid-19 awareness campaign**

### *Community Engagement*

On 9 & 10 October 2021, the MBA conducted a press ad campaign on all major print media, as part of its ongoing initiatives to encourage the use of digital channels for banking purposes, and limit the spread of Covid-19 on the island. The MBA regularly sensitises its audience to this cause through social media as well, and reached over 300,000 persons during the last quarter.

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## **Global Minimum Tax**

Earlier this month, 136 jurisdictions out of the 140 members of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting joined the "Statement on the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy". This updates and finalises a major reform of the international tax system at the OECD, which ensures that Multinational Enterprises (MNEs), will be subject to a minimum 15% tax rate from 2023 onwards. The MBA is closely monitoring these developments and has engaged with its member banks, and the Mauritius Revenue Authority to assess the impact of these changes on the banking and financial services sector.



Countries are aiming to sign a multilateral convention during 2022, with effective implementation in 2023.

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