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Robust regulatory climate offers African platform

Mauritius' valuable experience and expertise in financial services make it the ideal platform for foreign firms and fintech enterprises looking to venture into the continent.

For a small island nation in the Southern Indian Ocean, Mauritius is certainly making a major impression on the global stage courtesy of a world-class international financial center (IFC) that provides a robust and reliable backbone for an attractive, safe and well-regulated financial services sector, including state-of-the-art fintech frameworks and activities.

The banking and financial services sectors are core components of the Mauritian economy through the employment of around 9,000 people and contributing to an impressive 13% of the gross domestic product. The country's Economic Development Board (EDB) is not shy in praising the sector's performances, noting "the sophisticated IFC of substance boasts more than two decades' track record in cross-border investment and finance, and offers an unparalleled well-regulated and transparent platform.

"As an internationally recognized jurisdiction of repute, the Mauritius IFC is home to a number of international banks, legal firms, corporate services, investment funds and private equity funds," the EDB added. With roots stretching back to 1838, the banking sector has become a regional benchmark and now comprises nearly two dozen local and international banks that offer a wide array of services. These range from traditional retail banking facilities to special ized services such as fund administration, private banking, structured trade finance, Islamic banking, investment banking and custody services," the EDB noted, adding that the banks are licensed by the Bank of Mauritius to carry out banking activities.

Removal from watchlists fully deserved

In a hugely welcome development that is a testament to the work and significant progress the sector has made, the Financial Action Task Force— a Paris-based intergovernmental body that sets the standards for combating illicit financial activities, removed the country from its "gray list" in late 2021. The decision means that the country is no longer subject to increased monitoring, with many observers crediting the adoption of digital platforms in helping Mauritius exit the FATF list. In a further boost earlier this year, the European Union followed the FATF's lead and removed Mauritius from its list of third-country jurisdictions with strategic deficiencies in their

anti-money laundering/counterterrorist financing (AML/CTF) regimes.

"Mauritius is a jurisdiction where business can be conducted seamlessly," stated Minister of Financial Services and Good Governance Mahen Kumar Seeruttun. "In terms of compliance and Mauritius as an IFC, our removal from those two lists demonstrates that we have satisfied all the necessary standards and compliances and are a jurisdiction of substance. This brings comfort and trust to the investing community globally. Mauritius is a jurisdiction that satisfies all the requirements of the different international bodies with regard to AML/CTF requirements.

"The government has taken all the reforms that were necessary, and there are no issues in working with Mauritius. We have a proud track record of more than three decades in the space of global business, with all the necessary competencies and a very solid banking system. Our legal system is very independent.

'We have a very solid banking system. Our legal system is very independent. In terms of movement of capital, there are no restrictions at all.'

Mahen Kumar Seeruttun Minister of Financial Services and Good Governance

"In terms of movement of capital there are no restrictions at all. We are looking forward, and implementing our 10-year financial services plan which will involve consolidation and bring more businesses to our jurisdiction."

Mauritius enjoys an outstanding reputation as a platform for channeling investment into the wider region — Africa as well as India. Important and reputable financial institutions from the EU and the United States are working with Mauritius to develop investment projects in those regions. Officials are confident the republic can now play a very crucial role for investors from Japan who wish to work with Mauritius and use the country's experienced



Dhanesswurnath Thakoor CEO, Financial Services Commission

financial services sector as a platform for a broad range of African investment projects.

As industry watchdog and regulator, the Financial Services Commission, Mauritius, is one of the key figures behind the financial services industry's success and upward growth trajectory. Headquartered in the ICT hub of Ebene Cybercity, the FSC has facilitated the adoption of innovative technologies and helped Mauritius solidify its positioning in the emerging fintech industry. The body also played a crucial role in the removal of Mauritius from the EU and FATF watchlists, while another feather in its cap has been the country's excellent placement in global business indices. These include its eye-catching 13th place — out of 190 — in the esteemed World Bank's Ease of Doing Business Index, a position that saw it ranked first in Africa for a regulatory environment that is highly conducive to business operations and stronger protections of property rights.

"Exiting the FATF and EU lists are testimony to the culture of compliance that prevails in Mauritius. We want to demonstrate that Mauritius is a reliable and trusted jurisdiction and the way that we do business is very transparent," stated FSC CEO Dhanesswurnath Thakoor. "We need to give confidence to our investors; we need to ensure that the confidence of investors in the jurisdiction is maintained. And now, although there is a strong compliance culture, some might find it painful, but overall, this is very important for the jurisdiction to always level up with international standards."

Having only joined the FSC in mid-2020, Thakoor has achieved a great deal of success in



Famous as an upscale vacation destination, Mauritius is diversifying its economy via a focus on financial services and fintech activities.

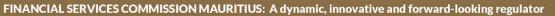
a relatively short space of time. Someone who looks forward rather than back, the talented official is now working out ways to develop Mauritius' full potential in the fintech sphere. His mission has been helped by the fact that less than five years ago, the Mauritius Africa Fintech Hub was launched, with the ambitious aim of making the country of 1.3 million people a powerful technology and innovation hub for the whole continent.

Given the significance of tourism and its related service industries to the country's economic well-being, the COVID-19 pandemic and associated travel restrictions were a dev-

astating blow to the private and public sectors. However, the financial services sector was one of the few economic segments that achieved positive growth against a backdrop of international isolation.

In a recent budget speech, Minister of Finance and Economic Development Renganaden Padayachy praised the industry's "strong resilience in the face of the crisis, with a growth rate of 4.2% last year." He highlighted upbeat forecasts from the International Monetary Fund that predict GDP will exceed its pre-pandemic level, reaching 520 billion Mauritian rupees (\$11.6 billion) by 2022, versus 465 billion rupees in 2021.

"We need to build on this momentum (and) to this end (will) continue the overhaul of the financial services sector (and) the government will adapt its legislative framework to converge the domestic and global business regime. The Bank of Mauritius and the Bank of China will launch a regional Renminbi Clearing Center this year; the former will collaborate with the National Payments Corporation of India for the issuance of 'RuPay' cards and the Indian QR code in Mauritius. A national payment card will then be introduced, with the FSC revamping its framework to enable reinsurance companies to set up operations in Mauritius."







The FSC is the integrated regulator in Mauritius for the financial services sector (other than banking) and global business.

The FSC has, over the years, been a dynamic, innovation-driven regulator which has been instrumental in the establishment of Mauritius as a jurisdiction of substance in the global landscape

To keep pace with digital transformation, the FSC launched the FSC One Platform, an online tool to process applications and to deliver international financial services through cutting-edge technological solutions. A modern regulatory framework has also been put in place for a spectrum of innovative financial products and services such as peer-to-peer lending, crowdfunding, special purpose funds, robotic and artificial intelligence-enabled advisory services, guidelines for the issue of green bonds and has enacted the Virtual Asset and Initial Token Offering Services (VAITOS) Act 2021.

FINANCIAL SERVICES COMMISSION

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