

FINANCE InFocus

A monthly publication of the
Ministry of Financial Services and Good Governance

Vision

Our vision is to transform Mauritius into a Centre of Excellence and promote wealth and good governance. We are driven by ethical behaviour, efficiency, honesty, trust, integrity and responsiveness in our quest for excellence within our operational and staff functions.

IMF Welcomes Efforts to Strengthen AML/CFT Framework



Hon. D. Sesunskur addressing the IMF delegates

On 17 January 2017, Minister Dharmendar Sesunskur met in his office a delegation of the IMF who were on a Consultation Mission to Mauritius in view of assessing economic and financial developments and to discuss Mauritius' economic and financial policies. The IMF Team was led by Ms Mahvash Qureshi. The delegation welcomed the authorities' ongoing efforts to strengthen the AML/CFT framework and reiterated the need for maintaining strong and independent institutions to meet policy challenges Mauritius faces to remain an attractive investment destination. Ms. Qureshi in a statement in Port Louis on the Mauritian consultation visit said:

“Activity in the offshore global business sector has remained broadly resilient while reforms to the sector are underway. A prudent stance by financial services firms and supervisory agencies has helped to

maintain financial stability.” She added that a range of reforms and initiatives has been introduced in recent years to spur productivity and competitiveness—including the adoption of the Business Facilitation Act, finalization of the Financial Sector Blueprint, and programs to support youth skill development, small-scale entrepreneurs, and female labor force participation.

“Improvement in the World Bank’s Doing Business 2019 indicator is encouraging. Coordination and synergies between the various reforms and initiatives, as well as interaction among the stakeholders, could however be strengthened to enhance their effectiveness and efficiency.” she observed.

In her concluding remarks, she expressed that the IMF stands ready to assist the authorities in the implementation of their economic program.

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Tackling EU Concerns

Mauritius was rated as compliant in line with the OECD standards following recent reforms undertaken in the sector. However, the European Union, out of which **23 of its 28** members are also members of the OECD, has unilaterally decided to review the existing standards and has established that the Partial Exemption regime introduced in the Finance Act 2018 was not in line with international best practice. In this regard, the Prime Minister has sent a letter to assure the commitment of Mauritius in addressing these concerns. A meeting was conducted with major stakeholders to reach a consensus and mutual understanding on the actions being taken. "Mauritius is committed to maintaining its good image and repute as an IFC of substance" declares Minister Sesunskur.

Reflexes: Initiating Mauritians to Investment

The Reflexes campaign was launched on 25 January 2019 by Hon. Dharmendar Sesungkur, Minister of Financial Services and Good Governance.

Minister Sesungkur expressed his concerns on the lack of knowledge on financial products and services and highlighted the ways Mauritians save money. “Before, people used to keep their money at home ‘emba matelas’ which evolved into the opening of savings accounts in banks. Their money would then be secure and they would get a return on their savings. However, today, Mauritians are not aware of the wide range of investment products at their disposal.” he stated. Minister Sesungkur is therefore convinced that Reflexes will mark a new phase in the investment portfolio of Mauritians and the initiatives being undertaken will definitely bring about radical changes.

Reflexes is an initiative of the Ministry of Financial Services and Good Governance and the Financial Services Fund (FSF) which operates under the Financial Services Commission (FSC) of Mauritius. Its aim is to disseminate information and educate the general public on the functioning of financial products and services. This Ministry and the FSC also launched a Creative Art Contest on 19 December 2018.



The theme of the contest is “**Avoir les bons réflexes financiers**” and the contest is divided into two Categories. Category A is creating cartoon strips and Category B is to create a video clip. The deadline for the submission was 8 February 2019. The Reflexes Campaign is broadcasted through the media including radio, television, written press and social media (e.g. Facebook).

The theme of the first video clip launched was Budget and there are four more clips with different themes to be aired soon. There are around 20 Informative Radio clips that are being broadcasted since last year on channels such as Radio Plus, Radio One and Best FM. A billboard campaign has also been launched and a Roadshow will soon be undertaken across the Island.

Information Desk for Financial Literacy launched at ex-BPML Tower

In the view of building a ‘Nation d’Investisseurs’, the Ministry of Financial Services and Good Governance in collaboration with the Financial Services Fund has set up an Information Kiosk at Atal Bihari Vajpayee Tower (ex-CyberTower 1) at Ebene. The aim of this Kiosk is to disseminate information and educate the public on financial products and services including insurance, private pension plans, investment funds, leasing and credit finance amongst others.

The concept is simple; should you have queries on the non-banking financial sector of Mauritius, the highly experienced staff at the Information Kiosk are available to provide you with assistance during office hours on the week days. The different financial concepts are explained and brochures are handed out. Official lists of registered entities/ service providers operating in the financial services sector are also available. Since the launch on 12 December 2018, the Information Kiosk has been attracting a multitude of Mauritians coming from all strata of society such as university students, housewives,



drivers, auditors, teachers, pensioners, directors of companies, self-employed individuals, among others. Up to 24 January 2019, around 230 individuals have been provided with information concerning Financial Services. Many of the queries received revolved around investment avenues and savings opportunities. Broadly, it has been observed that there is a keen interest on the different types of insurance policies, on how to make provisions for personal pension and on how to trade on the Stock exchange. The die is cast, gaining momentum and financial literacy is more accessible than ever.

AFRITAC: Developing specialist skills and technical proficiency



The signature ceremony of the European Union (EU) financing for the African Regional Technical Assistance Centre (AFRITAC) of the International Monetary Fund (IMF) was held on Thursday 17 January 2019, in the presence of Minister Sesungrur. The purpose of this funding is to promote Capacity Development activities to build effective economic institutions and human capacity in the Southern and Eastern African regions.

“Our greatest national asset in Mauritius is our People. Raising the quality and capacity of our human capital, at all levels, is the underlying philosophy and common denominator driving the policy initiatives of this Government.” stated Minister Sesungrur during his

keynote address. The collaboration between the Parties will cover a number of substantive areas focusing on public finances, monetary and financial systems, legislative frameworks, statistics, and macroeconomic frameworks. AFRITAC South, one of the IMF’s five Technical Assistance Centres, is hosted in Mauritius as the Africa Training Institute. Priorities for Phase II (2017-2022) were developed through consultations with member countries, regional organizations, and donors. AFRITAC South will continue to assist its members in implementing good international practices of financial management concerning public resources with a view to support greater transparency, improved reporting, and accountability. Mauritius has received support from AFRITAC South across all the areas covered by the center.

“AFRITAC South is not only developing our specialist skills and technical proficiency but the entity also acts as a platform promoting inter-country knowledge sharing.” declared the Minister. He also laid emphasis strengthening domestic institutions for the formulation and implementation of good economic policies, legal frameworks and practices, and concluded by stating that the Government looks forward to fruitful partnerships.

Indian Securities listed soon on new Stock Exchange

Afrinex Limited was issued a Trading Securities System Licence and a Securities Exchange Licence on 9 November 2018 by the Financial Services Commission, Mauritius. The firm is a Pan-African focused international securities exchange. In fact, it is a demutualised (separating membership and ownership), fully electronic, multi-currency and multi-asset trading platform offering listing and trading of securities services.

Afrinex will offer stock, bonds, equity derivatives, Exchange-Traded Funds, commodities, indices, warrants and certificates, and structured notes trading facilities for companies that are listed across the African continent and beyond. A Memorandum of Understanding (MoU) was signed on 12 March 2018 between Afrinex Limited and BSE (Bombay Stock Exchange) Ltd. The purpose of the MoU is to set up and implement a system for mutual assistance between the two parties in order to facilitate the setting up of Afrinex Limited in Mauritius.

The MoU spells out the support that BSE Ltd will be providing to the Exchange such as technology, training, market data sharing and surveillance support. The context of setting up Afrinex Limited with the collaboration of major exchanges like BSE Ltd undoubtedly provides the market depth and liquidity that the African Exchanges are lacking. Afrinex Limited will have the full support of the team of BSE Ltd including its subsidiaries in terms of technical, managerial, surveillance and compliance assistance and capacity building.

Afrinex Ltd will soon be launching its facilities as a Stock Exchange on the local market. It will list a variety of securities from the National Stock Exchange of India Ltd and the Bombay Stock Exchange. The entity will benefit from Indian expertise in the design of its technology. This is in line with the Government’s vision to diversify the financial products listed on the market and will clearly be a gateway for further investment opportunities.

Mauritius ranks 6th in Paying Taxes report

Mauritius has improved from 10th position to 6th position out of 190 countries in the Paying Taxes 2019 report released by PwC and World Bank in Beijing. Mauritius still ranks first in Africa. Now in its 13th edition, Paying Taxes continues to be a unique study from PwC and the World Bank Group, which investigates and compares tax regimes worldwide using a medium-sized domestic case study company. This improvement has resulted from the introduction of a fast track system for the processing of VAT repayment claims within 15 days and simpler procedures for the submission of VAT and corporate tax returns.

The findings show that Mauritius is in line with global trends concerning how technology helps in improving tax systems. In short, the country's improved ranking is mainly due to less time to comply for filing of Corporate Income Tax (CIT) corrections (amended returns and related payments can now be made electronically) as observed by the World Bank. Moreover, in its latest edition, the analysis was based on how new tax software, real time reporting systems and data analytics are changing the way companies meet their tax compliance obligations.



It also refers to how tax authorities monitor and enforce those obligations, and the different courses and training sessions provided to tax authorities. According to the report, economies believe that an alignment between labour and income taxes has a huge impact on revenue streams. The World Bank recommends that countries should continue to improve their systems to benefit both tax payers and tax authorities in terms of filing and administration as well as invest in human capital. Moreover, countries should also assess the challenges and risks in terms of resilience of public finance in the long term.

US China Trade War: Impending Global Economic Downturn

In early July 2018, US President Donald Trump followed through on months of threats to impose sweeping tariffs on China for its alleged unfair trade practices. So far, the US has already slapped tariffs on US\$250 billion worth of Chinese products, and has threatened tariffs on US\$267 billion more.

China, for its part, has set tariffs on US\$110 billion worth of US goods, and is threatening qualitative measures that would affect US businesses operating in China. With neither Trump nor Chinese President Xi Jinping willing to back down, US-China trade tensions could erupt into a full-blown trade war. China's own Ministry of Commerce warned that the dispute may even lead to "the largest trade war in economic history to date".

The escalation of the US president's protectionist policies, which has resulted in the world's largest economy doubling import duties on some Chinese goods, has dragged down the forecast for economic growth this year, with the world's largest trading countries, including the US, France, Germany and China, among the hardest hit. Britain is also expected to suffer slower growth against a backdrop of trade conflicts, given that Brexit uncertainty continues to have adverse impact on

UK's outlook for expansion this year, according to IMF officials. The IMF said that even without a further deterioration in US and China relations, the global economy has grown at 3.7% in 2018 and will remain the same for 2019 compared with the 3.9% it predicted for both years in an interim report in April 2018. China will thus be focusing on three main approaches in order to manage current and future U.S. challenges: prioritizing negotiation and dialogue with the United States, establishing the dual goal of liberalizing while also becoming more self-reliant, and seeking more markets abroad.

Even if a tariff battle truce is possible in the coming months, the US will maintain its efforts to combat China's rise, including actions to target industries associated with Made in China 2025; challenge Chinese trade practices, restrictive market access and intellectual property practices; and oppose industrial espionage by teaming up with allies. It will also seek to revamp international trade rules to better challenge and to some extent isolate China's non-market economic system, while working to dissuade China's prospective free trade partners, such as Japan and the European Union, from making deals.

FSI: Empowering professionals through technical assistance and expert training

The Financial Services Institute has organised a series of workshops over the last few months which will continue throughout 2019. One of the major workshops organised last year was the AML 360 training which provided a thorough understanding of AML/CFT regulatory trends and developments. Some of the issues that were addressed included Money Laundering Techniques and the vulnerabilities of specific services and products, understanding the importance of a robust governance structure for money laundering prevention, Customer Due Diligence, the recognition, handling and reporting of suspicious activities. The audience for this training were risk managers, internal auditors, regulatory staff, accountants, lawyers and company secretaries. The workshop was done in collaboration with the Mauritius Institute of Professional Accountants (MIPA) and the trainer was Mohamed Khan from FSI.

The first training for 2019 was held on 30 January 2019 on Tax: Taxation Refresher Course entitled “Beyond the basics”. This course covered the fundamental principles and concepts of the Mauritius Income Tax legislation by providing participants with a combination of legislation, case law, and practice. The course emphasized the understanding of the law for professionals in the Global Business Sector, and reflected the reforms brought by the Finance Act 2018 to the Income Tax Act. It was designed mainly for professional accountants, tax practitioners, financial planners and other financial professionals who handle income tax matters. The facilitator for this training was Gyaneshwarnath Gowrea, Head of Structuring and Advisory at SGG Mauritius.

Upcoming courses on Blockchain and Trustee Knowledge and Understanding

The “Disruptive Innovation and Blockchain technology in Financial Services” course is designed for (non-technical) business executives who are tasked with making business decisions about leveraging Blockchain technology in their business. This workshop aims at providing a general overview of blockchain technology. The attendees being targeted are business executives. The facilitator for this training is an international consultant on Technology, Andy Godwin, ERP solutions architect. Details will be communicated subsequently on the time frame.

A course on enhancing Trustee Knowledge and Understanding is scheduled for mid-February. The aim of this training is for trustees to have a sound knowledge and understanding of the laws relating to pensions and trusts, and the principles relating to funding and investments. It is imperative that trustees understand their rights, duties and responsibilities in order to administer their schemes properly. The facilitators are Richard Li, Head of Actuarial and Insurance and Reeyaz Torub, Manager, Actuarial Services, both from Rogers Capital.

Hong Kong investors show keen interest in Mauritius IFC



On 29 January 2019, Minister Dharmendar Sesungrumet a 3-member Hong Kong delegation comprising of investors, who expressed their keen interest in setting up investments banks, private banking services and wealth management activities in Mauritius. The delegation

consisted of Louis Ching, Chairman and Managing Director of PT International Corporation Ltd (HKSE listed HK: 0372); Heinrich Grabner, CEO Helios Asset Management (regulated by the HK Securities and Futures Commission); and Rory Leader, partner Bromius Capital (corporate finance advisory). Discussions revolved around future avenues of investment that can be exploited to boost the financial sector, the potential areas of investment, and strategies to further develop the Mauritius IFC to position the country as an attractive investment destination in the region. In a statement following the meeting, the Minister highlighted that these initiatives will help safeguard the good repute of the IFC as well as increase the visibility of Mauritius on the international front. He added that such initiatives will create better scope for the upcoming growth in the financial services sector.

Institutions gearing towards higher transparency for 2019

In line with Government's Vision and the Mauritius IFC Blueprint 2030 to double the size of the financial service sector, our institutions are gearing towards higher contribution to the socio-economic development of the country, whilst adhering to international norms and standards to ensure accountability and transparency. In this respect, below is a brief description of the strategies of certain parastatals and institutions expressing their vision, whilst addressing the underlying challenges for 2019.



Competition Commission of Mauritius

The Competition Commission, as an independent statutory body, is mandated to enforce the Competition Act 2007 by remedying anti-competitive behaviours by businesses in the interests of consumers, businesses and the Mauritian economy. For the year ahead, it shall continue to tackle restrictive business practices with vigour, ensuring that 5 to 6 investigations are completed. It will carry out advocacy campaigns to promote the provisions of the Act and its activities to inculcate a fair competition culture amongst businesses and the public in Mauritius. In terms of international cooperation, it will continue to strengthen its relationship with competition agencies, with a view to exchanging information, knowledge and expertise in the field of competition.

Integrity Reporting Services Agency

The Good Governance and Integrity Reporting Act 2015 (GGIR) is the latest in a series of Acts aimed at combatting crime and corruption in Mauritius. The Act is unusual in that it places on Mauritian citizens the burden of proving that they have acquired their property legitimately. The coming year will see the Agency taking a higher profile in the promotion of Integrity and Good Governance campaigns through its website, which will provide a platform for reporting both acts of good governance, suspected unexplained wealth and publicising the reward system.

The Agency will also be launching, in conjunction with the Ministry, campaigns to promote the standing of Mauritius as an international financial centre of excellence and unimpeachable integrity with the object of attracting investment. The Agency will have an increased tempo of work on cases of suspected unexplained wealth with the Task Force and Investigating Teams of the Commission of Inquiry into Drug Trafficking. The Agency will have a closer liaison with other agencies to counter the laundering of illicitly obtained wealth through the misuse

Thorough review of laws under way

To make the Competition Act more efficient and better equipped to tackle restrictive business practices, that is anti-competitive behaviours, and to be in line with international good practices, the Competition Commission has appointed an internationally renowned consultant who is currently undertaking a thorough review of the Competition Act, its Rules of Procedures and various guidelines; the review is expected to be completed in 2019. It will also acquire a Case Management System (CMS) that will equip its investigative staff with an effective and efficient project management tool, by improving the investigation processes, resource allocation, and management of data and information.

Meeting the legal challenges

of otherwise legitimate enterprises. There are legal challenges to the GGIR, the Act which established the Agency and its legal advisors must meet these and other legal challenges whilst maintaining the tempo of case work. The GGIR needs some amendments to increase its effectiveness in denying persons the opportunities to enjoy illicitly obtained wealth and the Agency will be working closely with the Ministry to ensure that requisite changes are implemented in a timely manner in 2019.

The GGIR is not familiar to many public officers and private companies. With the launching of campaigns in conjunction with the Ministry, the Agency will reach a wider audience of individuals and companies to promote good governance and integrity reporting. The Agency has a deep commitment to young Mauritians and believes their future can only be secured in a culture of hard-work, good governance and integrity. Illicitly-obtained wealth has no part to play in this culture and the Agency will continue to work strenuously to deny its benefits to those who acquire it.

SICOM Group

Investing in Innovation and enhancing operative excellence

The SICOM Group has a 3-year Strategy Plan 2016-2019, which is backed by several action plans and initiatives, which are closely monitored. Its main areas of focus are customers, growth and business development, consolidating the Group's organisational, governance and capital structure, enhancing operational excellence, improving employee motivation and engagement and further developing our human capital. This has helped the Group to post a satisfactory growth in 2018 against a challenging backdrop of severe competition, low interest rates and volatile financial markets.

Well-defined strategic objectives are the key for SICOM to realise its full future potential. A more agile, innovative, risk-conscious and customer centric culture will be required to meet with the demands of stakeholders and challenges such as changes in customer behaviour, impact of digitalisation on traditional sales channels and increasing competition. In this current context, the SICOM Group is searching for new and innovative ways of increasing profit and revenue in a competitive environment, whilst reviewing and improving its internal processes. An expert Consultant in

Business Development, Sales and Distribution has been appointed as a matter of priority in the continuous review of the Strategic Plan of the SICOM Group, given its direct impact on market share, turnover and profitability, and SICOM's ambition to consolidate its position as an innovative and value driven financial services provider. Furthermore, in a bid to enable SICOM to leverage on a platform to enhance customer focus and visibility, other Consultants have also been appointed for PR/Communication and for the design of a new Customer Shop.

Growth will be focused around the following key areas identified:

- ❖ Customer Focus
- ❖ Digitalisation and use of Information Technology
- ❖ Property Management
- ❖ Regional Expansion
- ❖ Governance and Board Matters
- ❖ Business Process Improvement
- ❖ Marketing and Communication
- ❖ Tapping into new markets

NIC Group

In view of its ambitious growth and expansion plans, the National Insurance Co. Ltd and NIC General Insurance Co. Ltd (the "NIC Group") 2019 focus will rest on the strengthening of its corporate brand positioning and operational platforms to better serve its client base. Through its growing network of 34 customer touch points across the island, the Group is better positioned to reach out all its current and prospective clients with a view to bring a diversified set of life and general insurance products and services at their door steps.

A comprehensive business restructuring plan encompassing a review of its asset mix, operating model and lines of business will be implemented as from 2019, with specific focus on core competencies, innovative product and market offerings and a re-calibration of its investments to deliver sustainable value for the prosperity of all of its stakeholders. Emphasis will also be laid on digital technology for process enablement and improved customer experience. In collaboration with industry experts, capacity building and development of its talent pool will be another important priority for the NIC Group. The NIC Group is gearing itself to embrace the challenges ahead in relation to an ever-evolving regulatory environment, constrained market conditions, intensive

Strengthening of its corporate brand positioning

competition and scarcity of skills. The prompt embracing of the IFRS 17 journey is also high on the agenda of the Group. A risk management and service excellence culture lie at the heart of NIC's operations. Compliance and monitoring are rigorous and the workforce ensures that tailored solutions are provided to its diverse customer base. Continuous education of its workforce will play a central role to creating the right culture in a market already characterised by diverse financial products and services of varying complexities.

The product portfolio will undergo a transformation with the aim to develop and introduce innovative product lines to meet the emerging market needs. Furthermore, through its community engagement programmes and market communication, NIC seeks to contribute to financial literacy and insurance awareness across the population. This will necessitate considerable investment and effort in elevating the levels and partners will be called to join forces to implement this transition. The retention and attraction of top talents is another challenge that all market players face in the insurance sector. NIC aims to further evolve its learning, development and welfare strategies to enable attainment of its overall objective regarding talent development and retention.

National Leadership Engine: Building Self-confidence in our Youth

Minister Sesungkur launched the training programme for some 600 participants under the National Leadership Engine (NLE) project at the Montagne Blanche Youth Centre on Saturday 12 January 2019. The objective of this initiative, undertaken by the National Productivity and Competitiveness Council (NPCC) in collaboration with the Ministry of Youth and Sports, is to develop a leadership pipeline in Mauritius. The training programme simultaneously started in 10 other Youth Centres across Mauritius and will span over a total of 12 weeks. The participants will be placed under a six-week training followed by another six weeks during which they will work on a community project of their choice.

In this context, they will be offered a free course on leadership and coached by professionals trained by the NPCC, including Youth Officers from the Ministry of Youth and Sports. The training programme will help build self confidence in youths across Mauritius and empower them with leadership and problem solving skills. In addition, they will be expected to develop projects based on topical issues such as unemployment, entrepreneurship, obesity, drug addiction, self-esteem, teenage pregnancy and poverty which are main concerns in the socioeconomic development of Mauritius. Accordingly, a vast campaign



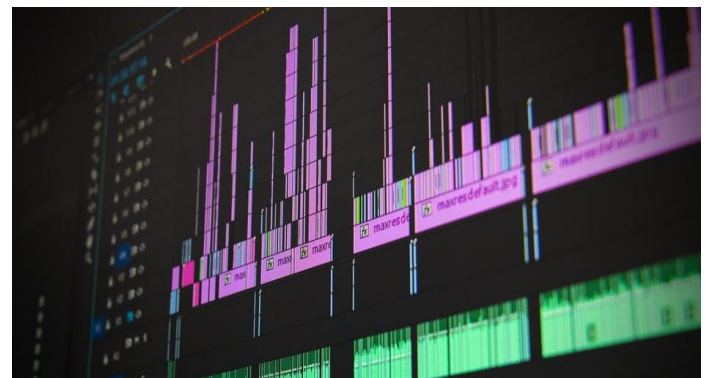
was also launched by the NPCC to encourage young people to take part in this national initiative, to their own benefit. In his statement, Mr. Deepak Balgobin, the Executive Director of the NPCC expressed that: “The NLE project has now leaped to another level where we will be training the participants. While the training will be crucial in the conception of their community projects, what they will gather in the different sessions will be also be helpful to them in their personal and professional life. It’s also worth pointing out that the project aims at touching the entire Mauritian population and inculcating a true sense of leadership in each one among us.” At the heart of this training programme is the empowerment of the leaders of tomorrow to build a brighter Mauritius.

MySEM: Digitalising the financial services sector

In line with its strategy to digitalise market access to both local and international investors, the Stock Exchange of Mauritius (SEM) launched the MySEM mobile app on 12 June 2018. The MySEM app is accessible to all Mauritians and is available for free download on PlayStore for Android users and App Store for iOS users for mobile devices.

The MySEM mobile app is a revolutionary tool in the Mauritian financial landscape that empowers local and foreign investors to follow the market changes in real-time, seize market opportunities and trade in real-time. Through the app, investors get seamless access to a wide variety of key listed company data in real time, including company specific order books, highs and lows, five best bids and five best asks, and other relevant company-specific data.

The app has also several innovative features, it allows investors to have online access to their CDS accounts to monitor their account activity and account status. In addition to mobile devices, the MySEM application also runs on desktop and web platforms and can be accessed



using any browser via <https://mysem.stockexchangeofmauritius.com/>. The launch of MySEM adds to a number of initiatives implemented by the SEM in recent months to improve its services to its stakeholders, facilitate market access to local and international investors, attract new investors to its platform and improve market liquidity. MySEM is also in line with SEM’s investor education objective of democratising the stock market and increasing the number of local retail shareholders.