



Newsletter

DECEMBER 2020

Vision

Our Vision is to make Mauritius a clean and transparent jurisdiction of substance and repute offering high standard financial services at the national, regional and international level.

Mission

To transform Mauritius into a Financial Centre of Excellence anchored on principles of good governance, global best practices and high ethical standards.

“2020 has been a year like no other”



At the Annual End-of-Year Dinner of the Association of Trusts and Management Companies (ATMC) held on 4th December 2020, the Minister of Financial Services and Good Governance, Hon. Mahen Kumar Seeruttun pointed out that 2020 has been a year like no other and one not likely to forget.

The unfavourable listings by the Financial Action Task Force (FATF) and the European Union (EU) have galvanised us into action as One Team with One Mission. He highlighted that the EU and FATF listings coupled with a sanitary crisis and the closure of borders were not expected. During these difficult times, the spirit of cooperation of the Mauritian people has been vividly displayed. The main focus and priority remains the delisting from the FATF grey list but the

exact timing will depend on the FATF. The second Report of Mauritius has been submitted and the FATF technocrats commended the country's progress and encouraged to keep the momentum going. There is ongoing diligence by the policy

Hon. Minister Seeruttun commented to symbolize the year 2021 a hallmark of a new Public - Private Partnership model.

makers, regulators, associations as well as operators. The AML/CFT norms will ensure that the bar is raised further as far as Financial Crime Compliance is concerned and this brings in the wake tremendous opportunities. Businesses and investors should be forthcoming

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because the Mauritius Brand is synonymous to the rule of law, clarity and consistency in the laws and regulations, rigour in supervisory process, adherence with international good practices and covenants and intolerant to misconduct. The Hon. Minister pointed out that the Financial Services Consultative Council (FSCC) meetings and its sub-committees have been revived and now the lines of communication are more open. He also underlined the coming to an end of the grandfathering provisions with regard to GBC 2. *(continued on page 3)*

Media Campaign by the Financial Intelligence Unit



Hon. Mahen Kumar Seeruttun
Minister of Financial Services and Good Governance

The Financial Intelligence Unit (FIU), as the Anti-Money Laundering and Combatting the Financing of Terrorism (‘AML/CFT’) supervisor of Individual Legal Professionals, Dealers in Precious Metals and Stones (‘DPMS’) and Real Estate Agents (‘REAs’), has collaborated with the Ministry of Financial Services & Good Governance and the relevant Industry Associations to produce a television (‘TV’) programme to educate and create awareness on the AML/CFT obligations of all Designated Non-Financial Businesses and Professions (‘DNFBPs’).

The said TV programme titled *“Pran Kont ou L’arzan”* was aired, for the first time, on the National TV Mauritius Broadcasting Corporation (‘MBC’) on the 21 December 2020 at prime time. To ensure greater dissemination, the FIU has simultaneously relayed the programme on Social Media through the MBC’s Facebook page.

The Minister of Financial Services and Good Governance, the Hon. Mahen Kumar Seeruttun, intervened in the programme and gave an overview of the status regarding the placing of Mauritius on the FATF grey list and the EU’s black list. He assured the population that Government was strongly committed to work towards implementation of remedial actions so that Mauritius could be removed from the FATF grey list at the earliest. The Minister mentioned that working groups have been set up and were busy working round the clock. The Prime Minister, Hon. Pravind Kumar Jugnauth is regularly updated on progress. Minister Seeruttun enumerated the different stages and the time frame for FATF reporting. A number of action items have been identified on which the country has to attain significant progress within a maximum time frame of 2 years.

There has been subsequent re-broadcasts of the TV programme on several channels over 3 weeks, starting from 25 December 2020 till 4 January 2021, in order to further reach out to a larger number of people. This intensive public sensitisation campaign has yielded a total of around 794,000 views on TV and approximately 5,400 views on Facebook. The video clip can be accessed on the MBC Facebook page as well as the FIU’s website.



The purpose of the TV programme was to raise awareness, specifically amongst the clients of DNFBPs on their regulatory obligations given that the implementation of these obligations has a direct impact on members of the public. The focus has been to inform the members of the public that as a repercussion of the implementation of the AML/CFT obligations by the DNFBPs, they would be required to alter their purchase habits. For example, they will be required to produce certain identification documents when buying jewellery or when carrying out transactions with the Real Estate Agents.

The programme focussed on the following:

- ❖ The role of the Financial Action Task Force (‘FATF’) and Mauritius being on the FATF list of High-risk and other monitored jurisdictions;
- ❖ The DNFBPs and their AML/CFT Obligations, including reporting of suspicious transactions; and
- ❖ The duties of the general public to collaborate with the Supervised Sectors and the authorities to comply with international standards in the fight against Money Laundering, Financing of Terrorism and Proliferation Financing.

Mass Media Campaign by FIU *(continued from page 2)*

Mr. Guillaume Ollivry, Director of the FIU, explained the legal obligations of DNFBPs, namely Accountants, Independent Legal Professionals, Jewellers, Real Estate Agents and Casinos, to name a few. He gave an insight on the shift in habits, with criminals moving from money laundering through the financial institutions such as banks to the DNFBPs and consequently the need to regulate these sectors. The Director emphasised, *inter-alia*, on the need for reporting persons to comply to obligations such as carrying out Customer Due Diligence (CDD) or Know Your Client (KYC) procedures for their clients and the need to file Suspicious Transaction Reports (STRs) whenever reporting persons suspect cases of money laundering. He appealed to members of the public to collaborate with authorities and the DNFBPs in complying with new set of regulatory exigencies. He also talked about Mauritius being a member of the Egmont Group of FIUs and the sharing of intelligence amongst all FIUs.

Mr. Aldo Etienne, the AML Officer of the Gambling Regulatory Authority (GRA), also intervened and gave a brief explanation of money laundering and laid emphasis on the exercise of filing STRs when DNFBPs come across suspicious cases. He explained that for this exercise, all reporting persons must register promptly on the goAML platform of the FIU.

Mr. Kailash Ramkhalawon, the Chairperson of the Jewellery Advisory Council, said that clients of the Jewellery sector are not used to such a compliance culture. Jewellers will have to patiently educate their clients and exemplify and accept new regulatory exigencies. For example, clients must get used to being asked for their identification documents, proof of address and the source of funds.



Guillaume Ollivry
Director, Financial Intelligence Unit

He added that such laws and regulations are being promulgated to ensure that the client obtains a good deal and can transact safely. These regulations do not target honest people spending their hard earned money.

The President of the Association of Real Estate Agents, Mr. Laval Savreemootoo, on his part, vouched on the ethics of the REA sector and the need for transactions to be carried out in all transparency. In line with the law, he requested the REAs to comply with the CDD requirements and STR reporting.

In an ongoing effort to tackle the reluctance faced by operators in the DNFBP Sectors, on part of clients the FIU will continue to use mass media to help each and every stakeholder in adopting and sustaining a compliance culture in respect of AML/CFT obligations.

Association of Trusts and Management Companies Annual Dinner *(continued from page 1)*

The Hon. Minister also welcomed the “merger” of Global Finance Mauritius and ATMC which will represent a stronger voice for the industry. On the sustainability front, the training arm of this Ministry, the Financial Services Institute (FSI), has been instrumental in capacity building on Financial Crime Compliance and other key areas such as Good Governance, Risk Management and duties and responsibilities of Board Directors. The FSI is now offering award programmes with Open University of Mauritius for greater recognition of its course offerings. Government is highly committed to providing a conducive environment for the private sector to take the lead in generating economic activities and look towards the financial sector to continue to be an enabler of growth.



Human Development Report 2020

The Human Development Report 2020 presents the 2019 Human Development Index (HDI) for 189 countries and UN-recognized territories. The HDI is a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living.

Mauritius' HDI value for 2019 is 0.804 which classifies the country in the very high human development category positioning it at 66 out of 189 countries and territories. Between 1990 and 2019, Mauritius' HDI value increased from 0.624 to 0.804, an increase of 28.8 percent. Table A (Page 5) reviews Mauritius' progress in each of the HDI indicators. Between 1990 and 2019, Mauritius' life expectancy at birth increased by 5.6 years, mean years of schooling increased by 3.8 years and expected years of schooling increased by 4.6 years. Mauritius' Gross National Income (GNI) per capita increased by about 214.0 percent between 1990 and 2019.

1. Inequality-adjusted HDI (IHDI)

- *The HDI is an average measure of basic human development achievements in a country. Like all averages, the HDI masks inequality in the distribution of human development across the population at the country level.*
- *Mauritius' HDI for 2019 is 0.804. However, when the value is discounted for inequality, the HDI falls to 0.694, a loss of 13.7 percent due to inequality in the distribution of the HDI dimension indices. Gabon shows a loss due to inequality of 22.6 percent. The average loss due to inequality for very high HDI countries is 10.9 percent and for Sub-Saharan Africa it is 30.5 percent.*

2. Gender Development Index (GDI)

- *In the 2014 Human Development Report, HDRO introduced a new measure, the GDI, based on the sex-disaggregated Human Development Index, defined as a ratio of the female to the male HDI. The GDI measures gender inequalities in achievement in three basic dimensions of human development: health (measured by female and male life expectancy*

at birth), education (measured by female and male expected years of schooling for children and mean years for adults aged 25 years and older) and command over economic resources.

- *The GDI is calculated for 167 countries. The 2019 female HDI value for Mauritius is 0.791 in contrast with 0.811 for males, resulting in a GDI value of 0.976.*

3. Gender Inequality Index (GII)

- *The 2010 Human Development Report introduced the GI, which reflects gender-based inequalities in three dimensions – reproductive health, empowerment, and economic activity. Reproductive health is measured by maternal mortality and adolescent birth rates; empowerment is measured by the share of parliamentary seats held by women and attainment in secondary and higher education by each gender; and economic activity is measured by the labour market participation rate for women and men. The GI can be interpreted as the loss in human development due to inequality between female and male achievements in the three GI dimensions.*
- *Mauritius has a GI value of 0.347, ranking it 78 out of 162 countries in the 2019 index. In Mauritius, 20.0 percent of parliamentary seats are held by women, and 65.8 percent of adult women have reached at least a secondary level of education compared to 68.5 percent of their male counterparts.*

4. Multidimensional Poverty Index (MPI)

The 2010 Human Development Report introduced the MPI, which identifies multiple overlapping deprivations suffered by individuals in 3 dimensions: health, education and standard of living.

Human Development Report 2020

Table A: Mauritius` HDI trends based on consistent time series data and new goalposts

	Life expectancy at birth	Expected years of schooling	Mean years Schooling	GNI per capita (2017 PPP\$)	HDI value
1990	69.4	10.5	5.7	8,046	0.624
1995	70.3	11.2	6.3	9,669	0.653
2000	71.2	12.2	6.2	12,032	0.678
2005	72.4	13.4	7.2	13,765	0.717
2010	73.5	14.1	8.2	16,927	0.751
2015	74.5	15.1	9.1	21,651	0.789
2016	74.6	15.0	9.3	22,407	0.794
2017	74.7	15.1	9.3	23,536	0.797
2018	74.9	15.1	9.4	24,408	0.801
2019	75.0	15.1	9.5	25,266	0.804

The Human Development Report presents an adjustment to the Human Development Index for planetary pressures, ushering it into a new geologic epoch. What does the Report explore by way of new metrics? Among them is a new generation of dashboards, as well as metrics that adjust the income component of the HDI to account for the social costs of carbon or for natural wealth. Together they do not aim to make normative judgements about countries. Instead, as with all the other human development metrics, they help countries understand their own progress broadly over time, learn from other countries' experiences and raise

their ambitions in advancing human development while accounting for people's interactions with the planet. They also help people and civil society organizations hold countries accountable for their commitments. While composite metrics, especially at the global level, are inherently unable to capture national and local complexities, such metrics nonetheless offer broad high-level and directional perspectives. At their best they can contribute to but do not substitute for the nitty-gritty of dialogue and policymaking, which must happen in every society.



Courtesy Call

Her Excellency Mrs K. Nandini Singla, High Commissioner of India in Mauritius paid a courtesy call on the Hon. Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance on Monday 25th January 2021.



NIC announces its 2020 audited financial results

The National Insurance Co. Ltd (NIC Life) and the NIC General Insurance Co. Ltd (NIC General), operating under the umbrella brand of “NIC”, have recently reported their respective audited financial results for the year ended 30 June 2020.

NIC Life reported a total revenue of Rs 1.69 billion alongside a profit of nearly Rs 142.2 million for the year ended 30 June 2020. Over Rs 984.3 million were paid to policyholders in terms of benefits and claims for the year.

NIC Life has alongside embarked on a major restructuring exercise to strengthen its foundation for long term sustainability and value creation. To support its business requirements and future growth prospects in the best interests of its policyholders and other key stakeholders, the ultimate shareholder of NIC Life has increased the stated capital of the company by Rs 5.7 billion, with Rs 4 billion injected post the reporting date of 30 June 2020. With the restructuring exercise fully underway and advancing to the next stage, NIC Life is well set to consolidate its business activities and create value for its stakeholders in the future.



NIC General reported a gross premium of nearly Rs 356.9 million and a profit of Rs 28.8 million for the year ended 30 June 2020. NIC General pursued its growth pathway with enhanced performance in gross premium, underwriting results and profit as compared to the previous year. The company registered an average growth rate of 37.5% p.a. in gross premium income over the last 5 years. Over Rs 259 million were paid in terms of gross claims to the insured clients for the year ended 30 June 2020. NIC General is pursuing its expansion journey with the broadening of insurance classes and general insurance offerings to both the corporate and individual markets.



Key facts about NIC Group

<p>Clients: +165,000</p>	<p>Lines of Business Life Pensions General Loans</p>
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Financial Services Commission (FSC) BRIEFS

1. RCE-OECD Workshop on “Best practices in Privatisation

The Regional Centre of Excellence (RCE) in collaboration with the Organisation for Economic Co-operation and Development (OECD) organised a workshop on “Best practices in Privatisation” on 27 November 2020 at the seat of the RCE in Ebène. The workshop introduced the main trends in privatisation, the changing ownership landscape for listed companies around the world and the key trends in capital markets development. The event was attended virtually by 25 international participants and physically by 70 local participants. Commenting on the objective of this workshop, Mr. Greg Medcraft, the Director of the Directorate of Financial and Enterprise Affairs of the OECD highlighted in his address that “We are here to learn from you as well, to hear about the needs of the region and to see where and how we can work with you to align local policy with OECD best practices and international norms.” On this occasion, the Chief Executive of the FSC stated in his introductory speech that *“the RCE will deliver on its mandate through capacity building programmes, research on topical areas and advise on minimum standards that need to be introduced at regional level. It plans to become a Centre of international repute.”* Two panel sessions were organised on the following thematic: • State-owned enterprises ownership landscape and ownership landscape for listed companies; and • Privatisation process for policy makers. The panellists included, amongst others, eminent speakers from the OECD, as well as, key representatives of international regulatory bodies and organisations. Participants were invited to discuss domestic experiences in state ownership and privatisation practices, reflecting on local conditions and international developments.

2. Informative Session on Proportionate and Dissuasive Enforcement

The FSC held the first in a number of intended informative sessions on “Proportionate and Dissuasive Enforcement” on 8 December 2020 with an initial group of representatives of Management Companies. This meeting enabled the Enforcement Directorate (ED) to engage in a high-level discussion with the industry representatives on effective, proportionate and dissuasive enforcement. This discussion topic is aligned with the Financial Action Task Force methodology relating to “effective, proportionate, and dissuasive sanctions” to address failure by licensees to comply to with Anti-Money



Laundering and Countering the Financing of Terrorism (AML/CFT) requirements. The dialogue touched upon a number of topical issues, *inter-alia*, the overarching approach of the ED in the current context, as well as, the use of the FSC’s disciplinary powers to deliver proportionate and dissuasive outcomes with a view to addressing a broad spectrum of non-compliant behaviours identified during the AML/CFT-centric supervisory cycle. This interactive session engendered useful discussions, feedback and an increased understanding, by the industry representatives, of the ED’s more proactive approach in addressing issues in the effectiveness of AML/CFT-related preventative measures taken by licensees.

3. FSC issues its Settlement Framework

The FSC published its Settlement Framework on 11 December 2020. The Settlement Framework sets out a means through which timely and proportionate enforcement outcomes can be achieved in appropriate cases. This Framework delivers on a key commitment of the Commission to adopt Settlement as part of its enforcement process. The determination as to whether a matter is suitable to be resolved through Settlement will be made on a case-to-case basis by the FSC so as to ensure that enforcement outcomes are consistent, proportionate, and effective. Early acknowledgement by a licensee of breaches of the relevant laws will be considered favourably. To encourage early Settlement, the FSC will apply a graduated penalty reduction scheme to the administrative penalties to be imposed in line with practices adopted by peer regulators. The quantum of the penalty reduction will be dependent on the stage at which the Settlement is agreed upon.