



Newsletter

SEPTEMBER 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.

Launching of Peer to Peer Lending at FSC



The Ministry of Financial Services and Good Governance (MFSGG) in collaboration with the Financial Services Commission (FSC) and the Financial Services Fund (FSF) officially launched the Peer to Peer Lending Rules (P2P) on the 17th September 2020. The launching ceremony was held at the FSC in the presence of Honourable Minister, Mahen Seeruttun as well as the Chief Executive and Board Members of the FSC and representatives of the global business sector.

In his speech, the Minister highlighted the commitment of the Government and his Ministry to provide the required support and establish the appropriate environment for the implementation of measures mentioned in the Government Programme 2020-2024 and the Government budgets. He stated that placing of the Mauritius on

the Fintech journey remains one of the important measures announced for the financial services sector. He added that Fintech activities, which represent a major transformation in the way of delivering financial services, is opening doors to new digital futures. The Government has shown its exceptional vision to make of the country a fintech *“This innovative service is being launched at the most appropriate and opportune time, especially for small and medium enterprises and the self-employed who are facing major financial challenges at such difficult times, in the wake of the COVID-19 pandemic.”*

hub for the Region. He further added that one of the key recommendations of the Blueprint is to ensure that while we are increasing accessibility to

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financial products, there is need for a futureproof regulatory framework. The P2P lending licence and the accompanying P2P Lending Rules issued by the FSC provide the required regulatory framework for P2P lending and represent a building block in our fintech agenda. This initiative is in line with one of the 12 objectives designed by the IMF to foster fintech to promote financial inclusion and develop financial markets by enabling developing countries to leverage promising new pathways through expansion of access *(continued pg 5)*

Global Innovation Index 2020 - Mauritius 1st in the Sub-Saharan Africa

The Global Innovation Index (GII) 2020, a joint annual publication by the World Intellectual Property Organisation (WIPO), Cornell University, INSEAD and the 2020 GII Knowledge Partners. The report provides an annual ranking of the innovation capabilities and performance of 131 economies and countries around the world.

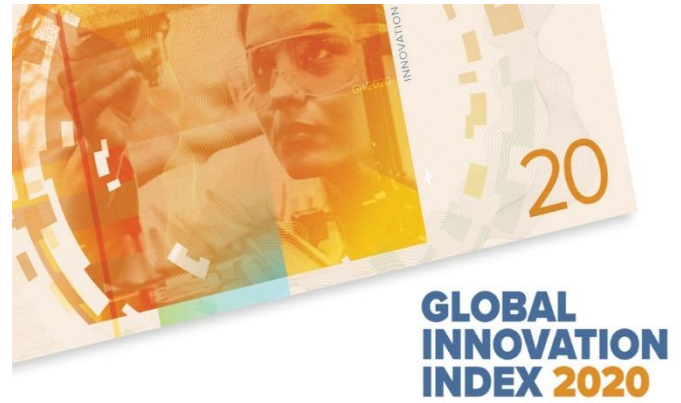
As part of its vision to position itself among the leaders in the fields of innovation and technology both regionally and globally, Mauritius has gained 30 places in the Global Innovation Index Report 2020, improving from the 82nd to 52nd position, thus securing the 1st place in Sub-Saharan Africa followed by South Africa in the 60th position.

The report underlined that Mauritius has gained significant places ahead in the Global Innovation Index as a result of a “mix of new data availability, data revisions at source, and performance effects”. In addition, it was observed that “in particular, Mauritius displays the most notable rank change this year. More complete innovation data, data revisions at source, performance improvements, and model changes explain Mauritius’s rise in the rankings”.

The ranking of the GII 2020 is topped by high-income countries: **Switzerland, Sweden, the United States of America, the United Kingdom, and the Netherlands.**

The Mauritian Government is committed to pursue its innovation agenda through the implementation of continuous enhanced new measures including the Regulatory Sandbox License, Innovators Permit, National Incubator Scheme (NIS), Intellectual Property Box Scheme and Double deduction of qualifying expenditure incurred for R&D purposes scheme. All these initiatives are geared towards cementing Mauritius’ position as an innovation hub whilst consolidating its competitive edge.

The COVID-19 crisis hit the innovation landscape at a time when innovation was flourishing. In 2018, research and development (R&D) spending grew by 5.2%, i.e., significantly faster than global gross domestic product (GDP) growth, after rebounding strongly from the financial crisis of 2008-2009. Venture capital (VC) and the use of intellectual property (IP) were at an all-time high.



Major improvements have been observed for the following pillars:

Indicators	Position Gained	Rank	
		From	To
Institutions	40	62	22
Human Capital and Research	12	77	69
Market Sophistication	27	43	16
Knowledge and Technology outputs	37	116	79
Creative Outputs	30	73	43

Additionally, the GII 2020 noted that many governments are setting up emergency relief packages to cushion the impact of the lockdown and face the looming recession. However, the GII 2020 advises that further rounds of support must prioritize and then broaden support for innovation, particularly for smaller enterprises and start-ups that are facing hurdles in accessing rescue packages.

Top 5 GII 2020 innovation leaders Sub-Saharan Africa

1. Mauritius (GII rank: 52)
2. South Africa (GII rank: 60)
3. Kenya (GII rank: 86)
4. United Republic of Tanzania (GII rank: 88)
5. Botswana (GII rank: 89)

“There are now genuine risks to international openness and collaboration on innovation. Faced with unprecedented challenges, whether sanitary, environmental, economic or social, the world needs to combine efforts and resources to ensure the continuous financing of innovation,” says INSEAD Executive Director for Global Indices Bruno Lanvin.

IRSA – Increased investigation of cases of unexplained wealth

The Integrity Reporting Services Agency (the Agency), established under Section 4 of the Good Governance and Integrity Reporting Act 2015 (the Act), promotes good governance and integrity reporting to enhance the reputation of Mauritius as an international financial centre of excellence and unimpeachable integrity to encourage investment. It rewards those who promote and report acts of good governance and integrity reporting and allows for the confiscation of unexplained wealth.

The Agency continued its core work of investigating potential cases of unexplained wealth whilst also participating in Mauritius' efforts to demonstrate progress in implementing the recommendations of the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG) Mutual Evaluation Report of 2018. This culminated in helping to prepare the Mauritian report of its progress to the FATF Joint Group.

In line with the ESAAMLG recommendations, which are heavily weighted towards identifying and mitigating risks to the effectiveness of Mauritius' AML/CFT regime, the Agency and other LEAs, attended FATF webinars on the changing risk profile caused by Covid-19. FATF offered the webinars as it considered the severely reduced and changed economic activity in many fields had increased existing risks and also introduced new ones which need to be countered.

The Agency also attended virtual training in crypto currencies delivered under the auspices of the Asset Recovery Inter Agency Network of Southern Africa (ARINSA) by consultants from the United Nations Office on Drugs and Crime (UNODC). The Agency has recognised the increasing importance of crypto currencies and the special risks they pose to AML/CFT efforts and is seeking inter-agency cooperation in dealing with the threat. It is also reviewing the effectiveness of existing legislation and has asked its legal advisers to consider what, if any, changes should be made to the Good



Integrity Reporting Services Agency

Governance and Integrity Reporting Act to bring interdicted crypto currencies within its purview.

On 24th September 2020, the Agency was invited to make a presentation to the "Online Conference on Tax Transparency and Corruption - An African Perspective". The conference was organised by the Vienna University of Economics and Business (WU) Global Tax Policy Centre (GTPC) in association with the World Bank Group, UNODC and African Tax Institute (ATI) and it was attended by representatives from twenty seven African countries.

It is part of a project which focuses on African countries. The organizers believe that COVID 19 has given an increased urgency to their discussions. As such African governments will need more revenues to finance their health systems, amongst other essential public services, and to counter the economic downturn.

Unexplained Wealth Orders are considered a key tool in efforts to counter corruption and increase much-needed revenues and cooperation between tax authorities and other law enforcement agencies are considered an invaluable aid countering tax evasion and other financial crimes. Speakers to the conference provided case studies on some of the developments and challenges for beneficial ownership transparency, inter-agency cooperation, client-attorney privilege, unexplained wealth orders and cooperative compliance. The Agency presented on Unexplained Wealth Orders and shared the platform with speakers from South Africa, the UK and Zimbabwe. The presentation was well-received and delegates were impressed by the safeguards, transparency and good governance promoted by the Act.

Outreach Sessions on AML/CFT

The FSC in collaboration with the FIU conducted a fourth outreach session on 'A Risk-based Approach to AML/CFT' on the 2 September 2020 at the Financial Services Institute. The resource person from FSC conducted outreach on Targeted Financial Sanctions to participants of management companies including Directors, MLROs, Compliance Officers, amongst others. One of the key learning objectives was to raise awareness on what TFS are, TFS obligations of the private sector and Supervision of TFS obligations. The following topics were covered:-

- TF and PF Terminology;
- International context;
- What are Targeted Financial Sanctions (TFS)?
- TFS obligations of the private sector; and
- Supervision of TFS obligations.

Training for Designated Non-Financial Businesses and Professions (DNFBPs)



The Ministry of Financial Services and Good Governance under the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), Technical Assistance and Training Programme had organised a five-day Virtual Supervisory Training on 14th, 15th, 16th, 24th and 25th of September 2020 to enhance the capacity of the staff of designated AML/CFT regulatory bodies. This training was part of a series of capacity building initiatives organised since April 2020 under the GIZ Technical Assistance and Training Programme.

With more than 80 participants from the DNFBP regulators, the overarching goal of this training was to enhance the knowledge base and skills of the participants regarding onsite and offsite supervision. The training was facilitated by Ms. Marilyne Landry, an AML/CFT expert with extensive experience in the management and delivery of AML/CFT technical assistance programs and conducting mutual evaluations. The training sessions were graciously hosted by the Financial Services Commission at the FSC House and participants were from the Ministry and the Bank of Mauritius.

The participants were exposed to various compliance tools and methods in order to effectively supervise, monitor and regulate DNFBPs for compliance with AML/CFT requirements commensurate with their risks. An effective supervision framework would allow the Supervisors to ensure that the DNFBPs are meeting their obligations under Financial Intelligence and Anti-Money Laundering Act (FIAMLA) and its Regulations as well as to determine whether the DNFBPs have identified, understood and are mitigating their money laundering and terrorism financing risks that exist in their firm.

In addition to financial institutions, the FATF Recommendations also cover a number of Designated Non-Financial Businesses and Professions (DNFBPs). The DNFBP sector in Mauritius is made up of the following sub-sectors: the legal profession comprising attorneys, barristers, notaries and law firms, the accounting professionals, casinos and gaming houses, dealers in precious metals and stones, company service providers and real estate agents.

Since 2018, a number of measures have been taken to ensure that the DNFBP sector complies with AML/CFT requirements and is adequately supervised. In July 2018, the Finance (Miscellaneous Provisions) Act 2018 amended the Financial Intelligence and Anti-Money Laundering Act to realign the AML/CFT obligations of banks, financial institutions and the DNFBPs with the revised FATF Recommendations. Comprehensive regulations that apply to both financial institutions and DNFBPs were issued under the FIAMLA and became effective in October 2018.

In May 2019, Government enacted the Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation (Miscellaneous Provisions) Act 2019. This piece of legislation laid down the legal foundation to enable the designated AML/CFT regulatory bodies namely the Attorney General's Office, the Financial Intelligence Unit, the Mauritius Institute of Professional Accountants, the Gambling Regulatory Authority and the Registrar of Companies to supervise the DNFBP sector for AML/CFT purposes.

Launching of Peer to Peer Lending at FSC *(continued from page 1)*



to finance, while reducing costs, providing new ways to raise funding, enabling new information services to assess risks, and spurring new businesses. With Peer to Peer lending activity being conducted in a regulated landscape, the financial sector will be pushed toward greater credit accessibility in many ways. By making credit available for small businesses including student loans, commercial and real estate loans among others means, economic growth, support for local entrepreneurs, and potentially more job opportunities.

The COVID-19 pandemic has adversely impacted on economies across the globe. While businesses across all sectors have endured the repercussions of COVID-19, start-ups have particularly been one of the most vulnerable, and in fact, are facing various challenges and one of the key challenges for small businesses is access to cash. The P2P Lending

Ireland IFC remains attractive for investment even during pandemic

Ireland is considered as a global innovation leader, driving a strong and sustainable economy. Ireland is still attracting high value investment from Technology, Life Sciences, business services and Financial Services companies even in challenging times, thanks to Ireland's Investment Promotion & Development Agency, IDA.

Ireland has become a destination of choice for Foreign Direct Investment (FDI) as it continues to lead the world in attracting high-value investment. Home to over 1,500 overseas companies from diverse sectors, Ireland is an attractive place to invest due to strengths in key high-value sectors. As such, the country has its sights on becoming a global innovation leader, driving a strong and sustainable economy.

Ireland is known for its innovation, a key component of the country's economic development. Over the past two decades, Ireland has climbed up the Global Innovation Index. It is now considered one of the most innovative countries in the world. In the Index report (2019) the country was ranked eighth among European countries for innovation performance.

The EU Commission's 2020 European Innovation Scoreboard ranked Ireland in Europe's Top 10 Innovation Systems, recognising the country for its information and communications technology services exports, which have swelled thanks to the country's escalating tech and financial services scene attracting both new and existing businesses alike. Ireland is also home to a host of upcoming start-ups as well as many leading global companies. Dublin, Cork, and Galway, are just some examples, and rank among the EU's

Top 10 Tech Cities of the future. Nine of the world's top ten pharmaceutical companies have established substantial operations in Ireland, as have 14 of the the world's top 15 medtech companies. As a result, Ireland is now the third largest exporter of pharmaceuticals, globally, with exports in the region of €80 billion.

As the global pandemic throws the world's economy into chaos, it stands to reason that the world's industries and the investments they rely on to keep them afloat are going through some challenging times.

Although International forecasting bodies have predicted impacts on global growth, trade and on FDI flows due to Covid-19, IDA Ireland reported continued investment in the first half of 2020 despite disruptions caused to business by the pandemic. 132 new investments were won with an associated employment potential of 9,600 jobs. On top of this, 53 were new investors and 44 expansions from existing companies. In July 2020, Amazon unveiled plans to create another 1,000 permanent jobs in Ireland over the next two years.

To conclude, Forbes magazine has ranked Ireland as one of the best countries for business. This is not just for large multinationals, but also the potential multinationals of the future. IDA nurtures these high-growth companies, helping them forge their future success in Ireland.

National Training Programme on AML/CFT

Since February 2020, Mauritius has been identified as a jurisdiction with strategic deficiencies in its regimes to counter money laundering, terrorism financing, and proliferation financing by the Financial Action Task Force (FATF). In this connection, Mauritius has made a high-level political commitment to address those deficiencies and has worked out a plan of action.

The Human Resource Development Council (HRDC) is mandated to foster skills development in all sectors of the economy. Given the need to upgrade capacity building in the financial services sector, HRDC in collaboration with the Global Finance Mauritius (GFM) mounted and implemented a national project. A Risk Based Approach to Anti Money Laundering/Combating the Financing of Terrorism (AML/CFT) under the SSDS. The project also benefits from the support of the Financial Services Institute Ltd (FSI), the Financial Intelligence Unit (FIU) and the Financial Services Commission (FSC).

This project comprises the following training programmes:

- ◆ Programme 1: *A Risk-based Approach to Anti-Money Laundering & Combatting the Financing of Terrorism (AML/CFT) for Designated Non-Financial Business and Professions (DNFBPs);*
- ◆ Programme 2 : *A Risk-based Approach to Anti-Money Laundering & Combatting the Financing of Terrorism (AML/CFT) for Financial Services Sector Operators; and*
- ◆ Programme 3: *Master Class for Money Laundering Reporting Officers (implemented under the HRDC's Sectoral Skills Development Scheme – SSDS)*

The objectives of this training intervention are to empower the Mauritian workforce, help professionals to perform their role in accordance to international norms and help protect Mauritius against financial crimes and to be compliant with FATF and EU requirement. The number of beneficiaries who have registered and earmarked to complete the three trainings are 1075, as in Table 1. The roll-out of the project started on the 30 of June 2020 and as at date, 970 trainees have successfully completed

the training (809 DNFBPs and 161 FSOs). The training for MLROs approved under the SSDS is scheduled to start in October 2020 for 105 beneficiaries.

Table 1: Number of beneficiaries

<i>DNFBPs</i>	<i>809</i>	<i>Casinos, real estate agents, precious metal/precious stone dealers, lawyers, notaries, other independent professionals, accountants, and trust company service providers</i>
<i>FSO</i>	<i>161</i>	<i>Risk and Compliance Professionals, members of the Internal Audit function, Senior Managers and top Management</i>
<i>MLROs</i>	<i>105</i>	<i>Money Laundering / Assistant Money Laundering Officer</i>

Objectives of the training programme

This three intensive trainings cover necessary and required AML/CFT knowledge related namely to:

- Understand a risk-based approach to AML/CFT;
- Understand the Risk-based Approach to Supervision to be adopted by the Regulators;
- Generate the level of confidence required and become trusted operators and supervisors;
- Comply with obligations under local AML/CFT laws and regulations and be aware of the consequences of non-compliance;
- Develop and implement processes and procedures to identify, manage and mitigate this risk; and
- Recognize and report suspicions and be trained on the filing of Suspicious Transaction Reports. Training will also include practical sessions by FIU staff on the GoAML platform, identifying and filing of STRs and elaboration of policies and procedures.

Team Building cum Family Day



Team building activities can help close the gap by having employees work together towards a common goal, which helps them view each other as co-workers rather than boss and employees. Team building activities not only boost employee morale, productivity and open communication but it can dramatically increase the success and profitability of your business. Businesses should therefore incorporate team-building exercises as an ongoing element of their organisation culture.

In this context, the Ministry of Financial Services and Good Governance organised a Team Building Exercise cum Family Day on Sunday 27 September 2020. About 60 staff members and relatives participated in this Event.



We started at Ebène to proceed to Pétrin, the first stopover where we spent nearly three hours trekking from Pétrin to Machabée viewpoint and back. The Machabée Trail at the Pétrin Information Centre runs west down to the Black River Visitor Centre. The Machabée Viewpoint is roughly 5 kilometres from Petrin and follows the ridge along a wide track, which is moderate going including the return.

From Pétrin, we headed towards Rivière des Galets, Ilot Sanchot where we had lunch next to the public beach. After spending nearly four hours on the coastal beach, we set out for the return journey.



COMMUNIQUE



On 7 May 2020, Mauritius was informed of the European Commission (EC) decision to list all the 11 third countries listed by Financial Action Task Force (FATF) including Mauritius as High Risk Third Country. The list is effective as from today, 01 October 2020.

Mauritius had already agreed to implement a detailed Action Plan within an agreed timeline with the FATF, to be removed from the FATF list and subsequently from the EU list. Amongst the measures initiated, a technical platform was set up between the Directorate General for Financial Services of the EC [DG FISMA] and the Mauritian authorities to apprise the EC of the substantive and tangible progress made by Mauritius. Accordingly, on 17 July 2020, the EC confirmed that there will be no top up requirements for the delisting of Mauritius.

The local and multinational financial institutions present locally have been kept abreast of the progress made in respect to the implementation of the action plan. Mauritius submitted (i) an initial progress report in March 2020 which FATF could not consider due to the Covid 19 Pandemic, (ii) a revised progress report to the FATF on 31 July 2020 and (iii) an updated progress report on 31 August 2020. At the request of Mauritius, a virtual face to face meeting was also held between the FATF and the implementing authorities on 08 September 2020.

During the virtual meeting, the Joint Group (JG) underlined the efforts and steps undertaken by Mauritius, in particular under difficult circumstances caused by the COVID-19 pandemic, and has commended Mauritius on progress made as at date. The JG has noted that the Government of Mauritius considers the Action Plan seriously, and prioritises necessary actions to complete the Action Plan ahead of the agreed timeline. Furthermore, it also encouraged the authorities to continue their actions further in that direction. The JG has already submitted their findings to the FATF Plenary which will be held in October 2020.

In addition, the competent authorities, have also provided necessary clarifications to the foreign and correspondent banks to facilitate cross border transactions as from 01 October 2020. This approach has largely contributed to provide the necessary comfort in so far as compliance standards are concerned and maintain the trust in the jurisdiction.

The Government seeks to reassure the local and international investment community that Mauritius remains actively engaged in the implementation of the FATF Action Plan. The Government of Mauritius reiterates its commitment to continue in its endeavour to fully implement the FATF action plan at the earliest.

Ministry of Financial Services and Good Governance

01 October 2020