

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.

FSC rewards winners of Creative Art Competition



The prize award ceremony of the **Reflexes Creative Art Competition** on the theme **"Avoir les bons réflexes financiers"**, organized by the **Financial Services Commission, (FSC)** was held on **Friday 21 June 2019** at the **FSC House in Ebène**.

The competition was launched in December 2018 to encourage the public to produce **Cartoon Strips** and **Video Clips** to demonstrate their understanding on adopting the right mindset when making financial decisions. The contest was divided into two Categories, namely **Category A** for **Cartoon Strips** and **Category B** for **Video Clips**. 75 entries were received, 38 for **Category A** and 37 for **Category B**.

The Minister of Financial Services and Good Governance, Hon. Dharmendar Sesungrkur, the Permanent Secretary, Mr Dhanunjaye Gaoneadry, the Chief Executive Officer of the FSC, Harvesh Seegolam, and other eminent personalities were present for the ceremony.

In his address, Hon. Minister Sesungrkur recalled that the **Reflexes** campaign is an important component for creating a nation of investors and aims at sensitizing various target audiences including consumers, entrepreneurs, investors, employees, students, and senior citizens on the need to adopt the right reflexes while making financial decisions.

“The Reflexes campaign is an important component for creating a nation of investors and aims at sensitizing various target audiences including consumers, entrepreneurs, investors, amongst others.”

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He further expressed his concerns regarding the fact that these Mauritians may not be aware of the wide range of financial products and services put at their disposal namely insurance, private pension plans, investment funds, amongst others. The Minister cautioned the public to be vigilant when entering into a contract or when making an investment, and also to make judicious use of their finance.

The winners are:

	1 st prize	2 nd prize	3 rd prize
Category A Cartoon Strips	Jeeneea Kamlesh	Lee Slew Christine	Kaysen Myguele
Category B Video clips	Appadoo Krishna	Gukhool Shivamsing	Manuel Fabien

UNCTAD - Mauritius driving Quality Investments in Africa



The United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2019 highlights the important role played by Mauritius in intra-regional investment flows. Foreign Direct Investment (FDI) stock from India, Malaysia, Singapore, South Africa and Thailand to Small Island Developing States (SIDS) is almost all concentrated in Mauritius, as a gateway to other African markets.

Mauritius, as a rapidly evolving International Finance Centre (IFC), has greatly contributed to the \$46bn worth of FDI flowing into Africa in 2018, an 11 % increase compared to 2017. As the first African country to set up an Export Processing Zone (EPZ) in the 1970s, Mauritius recently introduced a five-year tax holiday for companies collaborating in developing infrastructure in Special Economic Zones (SEZs) on the African Continent. In fact, Mauritius is actively participating in the development of the continent through SEZs in countries like Angola and Senegal.

The aim is to create an economic environment conducive for local operators to explore business opportunities as well as to develop business corridors to increase the demand for Mauritian products and share Mauritius' experience in zone development. Mauritius is committed to expand its economic horizons to deepen economic diversification in partnership with other African countries.

To further diversify the product base of the IFC, an umbrella licence for wealth management activities, a scheme for headquartering 'e-commerce' activities and a framework for Green Finance, are also being introduced. Mauritius, as an IFC of substance and good repute, is bringing a new dynamism to the global financial landscape.

The Mauritius IFC has diversified as a financial eco-system providing a wide range of products and services of interest to investors in Africa such as investment banking, global legal advisory services, global headquarters administration, global treasury activities, overseas family offices and asset and fund management schemes.

The Mauritius IFC is rated as fully compliant with the OECD standards on transparency and exchange of information for tax purposes and, in the ESAAMLG Follow Up report, in May 2019, successfully obtained an upgrade of 11 FATF recommendations, demonstrating significant progress in meeting technical compliance.

Considered as a highly compliant jurisdiction according to international best practices, the Mauritius IFC has been ranked first in Africa in the World Bank Doing Business Index, Global Competitiveness Index and Forbes Survey of Best Countries for Business.

500 Participants for Awareness Programme on Financial Literacy

An awareness programme on Financial Literacy was organized by this Ministry in collaboration with the Financial Services Fund (FSF), the SME Mauritius, the Development Bank of Mauritius and the Insurer's Association of Mauritius. The event was held at Domaine IZI in the Industrial Zone at Bambous on Wednesday 12 June 2019. About 500 persons of different age groups attended this function.



The following key topics were covered by the representatives of the various institutions present:

- ❖ Money Management and Investment,
- ❖ Insurance and Pension schemes,
- ❖ Financial schemes offered by the Development Bank of Mauritius,
- ❖ Existing Financial and Grant schemes for Entrepreneurs.

The aim of the Financial Literacy programme is to raise awareness on the use of financial services for an increased proportion of the population, notwithstanding gender, size, income level and disabilities.

This is in line with the initiative of the “Nation des Investisseurs” programme launched by the Ministry of Financial Services and Good Governance. The objective of this initiative is to make Mauritius a high income country by disseminating information on available financial products and services and informing the public on consumer protection mechanisms.

Sanlam increases its investment in Mauritius

Sanlam is one of the biggest internationally active insurance groups and is classified as a systemically important financial institution in South Africa. Established in 1918, the Sanlam Group has grown into the largest non-banking financial services player in Africa with a market capitalization of \$13.5 billion and a presence in over 30 countries on the continent. The Group has been creating value for stakeholders since 1918 – for more than 100 years. They contribute to financial resilience and prosperity across the African continent.

Sanlam Trustees International is a trust and management company offering trust, tax and fiduciary services as well as corporate services. Over the past six years, it has positioned itself as one of the leading trust and management companies in Mauritius. Sanlam Private Wealth Mauritius was launched in Mauritius in August 2017. It offers wealth management, portfolio management, employee benefits, online trading, credit services and an art advisory service. SAHAM Finances SA acquired Mauritian insurance company Sun Insurance in August 2016. The Sanlam Group took over 46,6% of SAHAM Finances SA, which offers a diverse range of general insurance products and services in Mauritius. Sun Insurance Company Ltd in Mauritius has been completely taken over by Sanlam General Insurance Ltd with effect from 28 June 2019. The rebranding follows



Sanlam Group's acquisition of 100 % of SAHAM Finances. As a Group, Sanlam is looking forward to continue offering Mauritians world-class solution, the main reason being that Mauritius has a stable democracy with a respected legal and regulatory framework, and a focus on developing the financial services sectors (life assurance, general insurance, medical insurance banking, credit, and asset management) in emerging markets outside South Africa.

Michal Szymanski: “Fintech is all about innovation, disruption and transformation, and will undoubtedly impact and shape the way we do business in Mauritius”

In line with the vision to create a thriving Fintech ecosystem, the Mauritius Africa Fintech Hub (MAFH), a not-for-profit organization, was created in December 2018. MAFH is supported by the Mauritian government, regulatory authorities and financial service providers, both big and small. Michal Szymanski, a seasoned veteran in the business incubation space, is the CEO of MAFH whose team is now actively preparing a tech hub environment, ready to provide help to investors, corporations, academia and entrepreneurs to harness the growth potential of Fintech. He shares with us his vision on the future of Fintech in the Mauritian and African context.

What are the other key drivers in the development of an enabling framework for Fintech Firms?

Amongst the key drivers, it is of capital importance to have an agile and flexible regulatory framework that allows for quick turnaround times on both the application process for the licence, along with constant iterations of current regulation to allow these innovations to thrive in the future. Moreover, the creation of agile content and curriculum is equally important, in collaboration with universities and training institutions, to empower youth with the right skills for the global marketplace. In addition, we should have the Government’s commitment to provide a fertile ground for Fintech innovations and skills to flourish, and also a favorable tax environment that allows the youth and start-ups to easily raise finance for their innovations and ventures.

How do you think Fintech will help our young entrepreneurs and fresh graduates?

With increasing unemployment on the African continent, we need to ensure that the youth of today are empowered with the right tools to take control of their future. This requires a mind shift, from looking for long term stable jobs, to the reality that the work place is now a changing, dynamic and fluid environment. Fintech skills and innovations are in great demand globally to solve the challenges that face society today.

By empowering our youth with the technical expertise, parallel with personal development (such as critical thinking) and hands on practical experience, we will not only provide more job opportunities for university leavers (in the global market), but also promote the creation of startups and innovations that could be scaled globally.



What are the other key drivers in the development of an enabling framework for Fintech Firms?

Firstly, we must recognize that Mauritius has a very good and robust legal/regulatory framework in place that has accompanied the country towards growth and success over the past decades. However, a number of our regulations and legislation are dated like for instance, the Companies Act 2001. There should be an actualization of all legislation and regulations so that the adoption of Fintech solutions is fully integrated. We should review our current KYC regulation, to allow for greater productivity, transparency and efficiency across all sectors and industries. The bottom line is that we should start thinking of easing these restrictions, for everybody.

Laws and regulations should exist to ensure compliance and good governance, and should not hinder the development of the Mauritius Fintech sector. Being an island nation, our unique selling proposition (USP) should be our ability to be agile across everything we do, in order to be able to compete on a global stage. Fintech is all about innovation, disruption and transformation, and will undoubtedly impact and shape the way we do business in Mauritius and elsewhere, thereby creating opportunities for both industry incumbents and new players.

NPCC Promotes Creative and Innovative Thinking

The InnovEd Award Ceremony was recently held at Rajiv Gandhi Science Centre, Pailles on 11 July 2019. Organized by the NPCC, the competition was to reward the creative and innovative thinking of talented youngsters.

Since its inception in 2000, the NPCC has been promoting innovation at all levels – individual, corporate and national, as a main driver of productivity growth and competitiveness. In a fast-changing global economy, we have to move from education for survival to education for innovation, leading to entrepreneurship and employability. Since 2005, more than 50,000 students and 3000 educators have participated in the InnovEd project.

What is InnovEd?

Innovation for the Education Sector (InnovEd) is a project organised by the NPCC in collaboration with the Ministry of Education and Human Resources, Scientific Research and Tertiary Education and the Mauritius Institute of Training and Development (MITD). The objective is to promote and instill creative, critical and innovative thinking among students. InnovEd aims to evoke and foster creativity in schools which will better prepare students for further education and employment. The competition targets all Secondary schools and MITD Centers in Mauritius and Rodrigues.

The 2019 edition was a joint initiative of the NPCC and the Ministry of Education and Human Resources, Tertiary Education and Scientific Research, and had as concept “Mind to Market”, that is, to translate creative ideas of students into products or services having a potential to be marketed.

The winners of the different categories were:

Design category: France Boyer de la Giroday SSS

Cultural Heritage category: Royal College Curepipe

Language and Publishing category: Prof. Hassan Raffa SSS

Visual Arts and Crafts category: Queen Elizabeth College

Performing Arts Category: College Ideal

InnovEd 2019 kicked off with a Master Class in innovation for teachers, following which they were encouraged to set up Innovation Clubs in their respective schools. Another innovation introduced by the NPCC was the CREATHon, which involves experts assisting each team to develop their prototypes.

Over 500 participants from 45 secondary institutions and MITD centres took part in the competition. There were around 155 students and 31 facilitators who registered on the platform, and were involved in around 31 different innovative projects.

The winning teams were each awarded a cash prize of Rs 20,000, InnovEd certificates and an innovation toolbox for their innovation club.



Bonus Malus: Penalising Bad Drivers and Rewarding Good Ones



In order to increase road safety and promote transparency in the insurance sector, the Ministry of Public Infrastructure and Land Transport has proposed to look into the feasibility of establishing a Bonus Malus system for insurance of drivers and vehicles in Mauritius. Government has subsequently set up a Technical Committee, led by the Ministry of Financial Services and Good Governance, to make appropriate recommendations on the system.

The Technical Committee is looking into the intricacies of developing the proposed insurance system and its legal, social, financial and institutional implications, amongst others and to make recommendations accordingly.

In simple terms, the Bonus Malus system is a rating process of deciding on an appropriate level of premium for a particular class of insurance business. It aims at empowering the insured by rewarding financially “good drivers”, that is, those who are not involved in causing accidents and penalising the “bad drivers”. The underlying principle of the proposed Bonus-Malus system is that the higher the claim frequency of a policy holder, the higher the insurance costs charged to the policyholder. Likewise, if no claim is made in the previous year, a discount in the premium will be given on the renewal of the policy.

In line with the National Road Safety Strategy, the proposed Bonus-Malus system is intended to reduce the number of casualties on our roads and encourage safer driving.

Additionally, this new system is expected to put an end to fraudulent practices as well as improve the work processes and business operations of the insurance companies. Most countries have now introduced merit-rating or Bonus Malus systems (BMS) in third party liability automobile insurance rating. Such systems penalise by surcharges,

and reward claim-free years by discounts. In a free market, carriers need to use a rating structure that matches the premiums to the risks as closely as possible, or at least as closely as the rating structures used by competitors.

This entails using virtually every available classification variable correlated to the risks, since failing to do so would mean sacrificing the chance to select against competitors, and incurring the risk of suffering adverse selection by them. Therefore, the use of more a priori classification variables is expected in free market countries, which decreases the need for a sophisticated BMS.



The regulatory environments in Asian and European countries are extremely diversified, from total freedom (like in the U.K., where each insurer is free to design its own BMS) to government-imposed systems (like in Switzerland, where all companies have to use the same BMS), with many intermediate situations (Denmark, for instance, where insurers apply BMS rules quite loosely). Obviously the approach to bonus-malus design depends on regulation. If a tariff is imposed by the government and every insurer has to use it, there is no commercial pressure to match the premiums to the risks by making use of every available relevant information.

FSI trains young graduates on Compliance



The Financial Services Institute (FSI) is a training establishment that operates under the aegis of the Ministry of Financial Services and Good Governance. Its mandate is to impart the necessary skills and re-inforce the human capital of the financial sector in Mauritius.

In May 2019, the FSI launched a Compliance Competency Programme for unemployed young graduates in collaboration with this Ministry. The Programme consists of several training areas in Anti-Money Laundering (AML) Risk and Compliance functions with the essential fundamentals for performing their AML duties.

The objective of this course is to maximise career prospects of young graduates by providing specialised training and thereby developing a sustainable pool of talent of Anti-Money Laundering (AML) practitioners ready to meet the future workforce demands of the Financial Services sector. Another objective will be to increase the professional competence and technical knowhow of AML practitioners in the Financial Services industry.

In the context of ever-growing importance of the AML function within regulated entities, it is important for the jurisdiction to maintain highest competency standards for young AML practitioners by providing Compliance training programmes covering in detail the foundations of AML within the context of the regulatory framework and ensuing obligations on financial institutions.

The learning outcomes would be:

- ❖ to ensure that participants are technically proficient and are, amongst others, fully conversant with Money Laundering,
- ❖ To ascertain that participants are well acquainted with the regulatory requirements and relevant laws.
- ❖ to generate awareness of the threat landscape, the high-risk factors and the vulnerabilities of some financial services and products to money laundering,
- ❖ assess when and how to report any suspicious activities based on legal obligations to regulators and clients, and
- ❖ To ensure that participants acquire the necessary soft skills to act professionally, responsibly and ethically.

The course, which is still ongoing, also comprises of short-term internships in relevant departments of regulators and stakeholders. There are around 14 experts from different organisations to give training to the graduates. Furthermore, the FSI has newly launched its website. The main rationale behind is to provide specialised and continuous learning to students; professionals from banking, insurance and financial sectors. These courses vary as per the requirement of the audience and can be short or long, or even simply, face to face sessions. Since its inception, the FSI has trained approximately 1,400 participants. It is targeting to increase the number of participants over the years. These trainings cover taxation, corporate governance, customer service excellence, trusts and insurance risk management, amongst others.

Budgetary Measures announced for the Financial Sector

✚ Setting up of the Financial Crime Commission to strengthen the regulatory framework to fight fraud, corruption and financial crimes.

The setting up of the FCC will ensure the coordination of investigations between the regulatory and investigative agencies in Mauritius. This will also send a strong signal to the global financial services industry that the Mauritius IFC is combatting improper practices and financial crime.

✚ Setting up of a Framework for Green Finance in line with the “Marrakech Pledge”- a continental coalition of African Capital Market Regulators and Exchanges committed to foster green financing on the African Continent.

✚ Introduction of a regulatory framework for Crowdfunding

The Budget provides for the introduction of a regulatory framework for Crowdfunding in Mauritius which aims at improving access to finance by entrepreneurs and Small and Medium Enterprises. The introduction of Crowdfunding in a regulated landscape will encourage Mauritians to use this mode of raising finance, thereby bolstering entrepreneurial spirit in the country.

✚ Introducing an Umbrella Licence for Wealth Management activities

An ‘umbrella licence’ will be introduced for wealth management activities to provide a new impetus to private wealth management business from within Mauritius. Under the “Umbrella Licence”, qualified individuals and firms will be allowed to operate and offer financial services, including stockbroking, portfolio management services, investment dealers and investment advisory firms. It is envisaged that this measure will consolidate the industry and also help to develop a deeper ecosystem while attracting niche investment managers and traders.

✚ A Single Window System is being introduced at the FSC.

To facilitate conduct of business in the sector, a ‘single-window system’ will be set up at the FSC to allow for submission of documents for financial services and global business applications. The rationale for a Single Window System is to create quick, simple and user-friendly processes to serve prospective investors, both individuals and institutions, in the non-banking financial services and global business sectors.

This measure will improve the position of Mauritius in the “Ease of Doing Business” Index since applications regarding banking financial services and global business made through this system will be handled from start to finish by the FSC (instead of multiple public sector agencies as it is currently – namely the FSC, EDB, and the ROC).

✚ Make Mauritius a Fintech hub in the region

In line with Government’s objective for Mauritius to become a regional Fintech hub, this will promote innovation and encourage start-ups (“technopreneur”) in the space of robotic advisory services. With the rapid growth of Fintech, this new regulatory regime will improve the product offering of the Mauritius IFC. The FSC will also be introducing a new licence for Fintech Service providers.

Furthermore, in consultation with the United Nations Office on Drugs and Crime (UNODC) and the EDB, the FSC will introduce the concept of Self-Regulatory Organisations (SROs) for Fintech activities.

✚ New trading platform

A new trading platform at the Stock Exchange of Mauritius to allow medium sized profitable enterprises that do not qualify for listing on the official and DEM markets to raise capital and trade their shares.