

## FREQUENTLY ASKED QUESTIONS

### **1. What is a deposit insurance scheme?**

A deposit insurance scheme is a scheme that protects insured depositors, up to a given limit, against losses they may face in the event one of the members of the scheme, which are licensed deposit-taking institutions, fails.

### **2. Who are the members of the Mauritius Deposit Insurance Scheme?**

The members of the Mauritius Deposit Insurance Scheme (the Scheme) are banks and non-bank deposit taking institutions, which are licensed and regulated by the Bank of Mauritius.

### **3. Who are the insured depositors under the Mauritius Deposit Insurance Scheme?**

In terms of the Mauritius Deposit Insurance Scheme Act 2019 (“MDIS Act”), insured depositors are natural persons or individuals who are residents of Mauritius.

### **4. What types of deposits are covered by the Scheme?**

The following types of resident deposits in Mauritius currency or foreign currency, including any interest accrued thereon, placed with a member institution in Mauritius and protected within the coverage limit:

- (i) deposits in a savings account
- (ii) deposits in a current account
- (iii) time deposits, and
- (iv) such other deposits or amounts as the Board may determine.

### **5. What types of deposits are not insured by the Scheme?**

Insurance coverage is not provided on:

- (i) Deposits of non-residents
- (ii) Deposit of corporates (domestic and foreign)
- (iii) Deposit of a party which is related to the Scheme Member (e.g. a director or senior officer of the Scheme Member)
- (iv) Deposit which is frozen by a court order in a bank or a non-bank deposit taking institution, and
- (v) Other deposits as specified in the MDIS Act.

**6. What is the deposit protection limit?**

The deposit protection or coverage limit provided by the Scheme is Rs300,000 per depositor per Scheme Member. The Scheme insures principal amount and interest payable on deposits up to a maximum amount of Rs300,000.

For example, if a depositor has Rs200,000 with a Scheme Member and that Scheme Member fails, he will receive Rs200,000 plus any accrued interest from the Scheme up to the limit of Rs300,000. However, if the depositor has Rs400,000, he will receive a maximum of Rs300,000 from the Scheme.

**7. How does a depositor recover deposits in excess of the insured amount payable by the Scheme?**

A depositor can recover any deposits in excess of the insured amount from the liquidator after the latter has obtained sufficient funds from the sale of the Scheme Member's assets and recovery of debts.

**8. Why does the Scheme provide protection only up to a certain limit?**

This is a practice adopted not only by the Mauritius Deposit Insurance Scheme but by deposit insurance schemes, around the world. The objective is to reduce moral hazard for deposit-taking institutions as well as for depositors and thus ensures market discipline.

In the Mauritian context, moral hazard may occur if a Scheme Member undertakes excessive risks with depositors' money knowing that any negative consequences of its risk-taking activities can be passed on to the Scheme. On the side of depositors, moral hazard can arise from the fact that depositors have less incentive to assess the risk of the Scheme Member to which they have entrusted their funds.

**9. Who operates the Scheme?**

The Scheme is administered and managed by the Mauritius Deposit Insurance Corporation Ltd (MDIC). The MDIC, established under the MDIS Act and incorporated and registered as such on 26 March 2024 under the Mauritius Companies Act 2001, operates as a private company limited by shares and wholly owned subsidiary of the Bank of Mauritius.

**10. What is the role of the MDIC?**

The MDIC has the primary responsibility of collecting premium from the Scheme Members, managing the Deposit Insurance Fund and making payments to insured depositors of a failed Scheme Member or ensuring that depositors have prompt access to their deposits if the Scheme Member is taken over by a sound deposit-taking institution. It also educates the public on the Scheme.

**11. If the Mauritian banking system is robust, why do we need a deposit insurance scheme?**

While it is good to have a robust banking system in Mauritius, it is never excessive to provide additional protection to depositors as no Scheme Member is completely immune from failure.

The Scheme provides a guarantee that insured depositors will receive reimbursement of their deposits up to the coverage limit in a defined timeframe in the event a Scheme Member fails.

**12. Is membership mandatory for every bank and non-bank deposit taking institution?**

Yes. There is no adverse selection. Every licensed bank and non-bank deposit taking institution which accepts deposits of individual residents has to be a Scheme Member.

**13. Can a Scheme Member decide to withdraw itself from the Scheme?**

No. The Scheme is compulsory for all banks and non-bank deposit taking institutions licensed by the Bank of Mauritius and accepting deposits from residents. They cannot withdraw themselves from the Scheme.

**14. Should a depositor apply to or register with the MDIC for deposit protection?**

No. There is no need for a depositor to apply to or register with the MDIC for deposit insurance protection. Deposit protection is provided automatically to depositors of a Scheme Member who are eligible for insurance cover.

**15. Does a depositor need to pay premium for the insurance cover he receives?**

No. A depositor does not pay anything for the insurance cover provided in respect of his deposit held at the Scheme Member. The cost is borne entirely by the Scheme Member, which pays to the MDIC an initial contribution and a premium of 20 cents per Rs100 of deposits, per annum, as per the MDIS Act.

**16. What if a depositor has several accounts with a Scheme Member?**

Where a depositor has more than one deposit account with a Scheme Member, all the accounts in his own name and right, will be aggregated and reported under that depositor's name. For example if Mr. A has two savings accounts totaling Rs200,000, one current account for Rs150,000 and one-time deposit account for Rs250,000 in his own name and right, the balances on the four accounts will be aggregated and the total amount of Rs600,000 will be accounted as insurable deposits.

**17. If a depositor has an account in the head office of a Scheme Member and another at one of its branch offices, are these accounts insured separately?**

No. The head office and all the branches are considered as one Scheme Member. Therefore, the accounts are added together and covered up to the maximum amount of Rs300,000.

**18. Is a depositor's money with different Scheme Members protected?**

Yes. Deposits by the same depositor with different Scheme Members (i.e. different banks and/or non-bank deposit taking institutions) are insured separately, on a per depositor per Scheme Member basis.

**19. How is a joint account insured?**

A joint account is considered as separate from an individually-owned account and is therefore insured separately. For the joint account, the balance will be split equally among the joint account holders, unless there are records showing a different arrangement, and each account holder will be insured up to a coverage limit of Rs300,000. For example, if you and your husband have a joint account of Rs200,000 with a Scheme Member, that balance will be split into two, such that each joint account holder (i.e. each depositor) will receive Rs100,000 from the Scheme in the event of failure.

If, in addition, you have a personal account of Rs50,000, your total deposits of Rs150,000 will be fully covered. Your wife will have a full coverage of Rs100,000.

**20. How is a trust account insured?**

A trust account is one managed by an individual, a company or an association (trustee) for the benefit of another party (beneficiary).

Deposit insurance coverage recognizes the beneficiaries of a trust (not the trustee) as a depositor for the purpose of deposit insurance entitlement. As such, each beneficiary of a trust will be insured up to the maximum limit of Rs300,000.

**21. How is a nominee account insured?**

A nominee account is one held by an agent, a guardian or a custodian for the benefit of a principal or a ward or a minor as the case may be.

Deposit insurance coverage recognizes the principals/wards of a nominee as a depositor for the purpose of deposit insurance entitlement. As such, each principal or ward of a nominee will be insured up to the maximum limit of Rs300,000.

**22. What happens when a Scheme Member fails?**

The MDIC will publish a notice of the Scheme Member's failure and will notify depositors of the claim and compensation procedures as soon as possible, in the Government Gazette, in 2 newspapers in Mauritius, and also on its website.

**23. Will there be any offset of loan balances against deposit balances held by a customer of a failed Scheme Member before compensation?**

Yes. Loan balances will be deducted from deposit balances held by a customer in a Scheme Member provided the loan and the deposit are held by the same customer.