



**BANK OF MAURITIUS INTRODUCES A  
SUPPORT PROGRAMME  
TO ACCOMPANY LOCAL ECONOMIC OPERATORS  
IN COVID-19 CONTEXT**

Friday 13<sup>th</sup> of March 2020

The Bank of Mauritius has, as primary mandate, to maintain price stability and to promote the orderly and balanced economic development in the Republic of Mauritius. The Bank is responsible for the formulation and execution of monetary policy as determined by the Monetary Policy Committee, chaired by the Governor. It is also mandated to ensure the stability and soundness of the financial system as well as the regulation of credit and currency in the best interests of the Republic of Mauritius.

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*Friday 13th of March 2020*

Since the outbreak of COVID-19, the Bank of Mauritius has been closely monitoring its plausible economic impact on the banking sector and the Mauritian economy.

A constant dialogue has been established with the Mauritius Bankers Association and all stakeholders with a view to discuss and assess the situation caused by what has now evolved into a pandemic. The focus, at this crucial stage, is preeminently on how the Bank of Mauritius can help economic operators safeguard jobs, alleviate cash-flow problems and ensure business continuity.

On Tuesday 10<sup>th</sup> of March 2020, the Monetary Policy Committee of the Bank of Mauritius reduced the Key Repo Rate (KRR) by 50 basis points to 2.85 per cent per annum. The decision for such an accommodative monetary policy was mainly prompted by the will to bolster domestic economic activity.

**TO FURTHER ASSIST MAURITIAN BUSINESSES ACROSS ALL ECONOMIC SECTORS, THE BANK OF MAURITIUS IS INTRODUCING TODAY A SUPPORT PROGRAMME CONTAINING FIVE KEY MEASURES.**

## **SPECIAL RELIEF AMOUNT OF RS 5 BILLION**

- The Bank of Mauritius is introducing a Special Relief Amount of Rs 5.0 Billion through commercial banks to meet cash flow and working capital requirements of economic operators which are being directly impacted by COVID-19.
- This Special Relief Amount will be made available, through commercial banks, from the 23<sup>rd</sup> of March 2020 up to the 31<sup>st</sup> of July 2020, to all sectors of activities impacted by COVID-19, including SMEs.
- Disbursements will be effected through commercial banks and the Bank of Mauritius is capping interest on these advances to impacted economic operators at the fixed rate of 2.5 per cent per annum.
- There will be a moratorium of six months on capital and interest repayments, with the loan repayment period being two years.
- Impacted operators are invited to contact their respective commercial banks.

## REDUCTION OF CASH RESERVE RATIO

- The Bank of Mauritius is reducing with immediate effect, until further notice, the Cash Reserve Ratio applicable to commercial banks from 9 per cent to 8 per cent.
- This reduction is a key measure that aims at supporting banks to further assist businesses which are being directly impacted by COVID-19.
- The amount released through this cut will be held in a special account at the Bank of Mauritius and will allow commercial banks to use these particular balances for any facility to be granted to any impacted economic operator.

## MORATORIUM ON CAPITAL REPAYMENT FOR LOANS

- Commercial banks will provide a moratorium of 6 months on capital repayment for existing loans for economic operators that are being affected by COVID-19.

## EASING OF BANKING GUIDELINES

- The Bank of Mauritius has put on hold the Guideline on Credit Impairment Measurement and Income Recognition, which was effective since January 2020.
- This decision has been taken to allow commercial banks to continue supporting enterprises facing cash flow and working capital difficulties in the context of COVID-19.

# ISSUE OF A 2020 SAVINGS BOND

- The Bank of Mauritius is introducing a 2.5 per cent Two-Year Bank of Mauritius 2020 Savings Bond for an amount of Rs 5.0 Billion from 23<sup>rd</sup> of March 2020.
- The Bond will be issued at par in multiples of Rs 25,000 to individuals who are Residents of Mauritius and up to a maximum cumulative investment amount of Rs1,000,000 per investor, whether singly or jointly, and to locally registered Non-Governmental Organisations running on a non-profit making basis for the same maximum investment amount of Rs 1,000,000.
- This measure aims at further assisting depositors to diversify their savings portfolio.
- Sale of the Bonds will be effected through all commercial banks as per the terms and conditions of the relevant prospectus.

In the light of the evolution of the economic context, the Bank of Mauritius stands ready to take any additional appropriate measure to maintain the stability of the financial system and mitigate any adverse impact on economic growth and development, consistent with its statutory responsibilities.

The Bank of Mauritius, together with the MBA, will follow closely the progress and response of commercial banks to these measures.

The Bank of Mauritius stresses on the need, now more than ever, for all stakeholders to work together, to seamlessly exchange critical information and to coordinate mitigating measures for a most effective implementation of strategies deemed appropriate in the best interests of the country and its people.

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#### **Note to editors and to members of the public**

Questions pertaining to the media, the Bank's publications, statistics, and the functions of the central bank must be sent to [communications@bom.mu](mailto:communications@bom.mu).

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