

## 4. Financial System Infrastructure

During 2013H1, the total value of transactions on the Mauritius Automated Clearing and Settlement System (MACSS) exceeded Rs1 trillion, representing an increase of 15.2 per cent compared to the same period in 2012 (Chart 4.1). All transactions were settled on the system without delay and loss, indicating that MACSS is properly sized to cater for peaks in the volume of transactions.

With regard to availability, MACSS suffered two outages of 30 minutes and 4 hours durations each, owing to failures in network infrastructure. Contingency procedures were immediately deployed and transactions were settled, albeit late, with same day value and without loss. The overall availability of MACSS over the period remained above 99 per cent, indicating that the system's overall resilience remained unaffected.

### 4.1 Cheque Truncation and Bulk Clearing

Since February 2013, returned cheques are also being cleared electronically at the Port Louis Clearing House. The volume and value of cheques cleared on the system remained stable over the period, with about 20,000 cheques cleared daily for a value of around Rs1 billion. The network infrastructure supporting cheque clearing in truncation mode was adequate to handle the volume of images and the system performed well even during peak periods.

Electronic File Transfer (EFT), which refers to low value retail transactions such as salary payments that are sent to the clearing house in bulk, has been an integral part of the cheque truncation system since its introduction in 2011. In 2013H1, the number of electronic transactions rose by 11.2 per cent while the value of transactions increased by 19.1 per cent compared to 2012H1 to represent 26.7 per cent of the total value of cheques cleared on the system

(Chart 4.2). The adoption of electronic clearing in the payments mainstream represents an alternative to cheque payments and contributes towards reducing the risks associated with cheques.

Chart 4.1: Transactions on MACSS

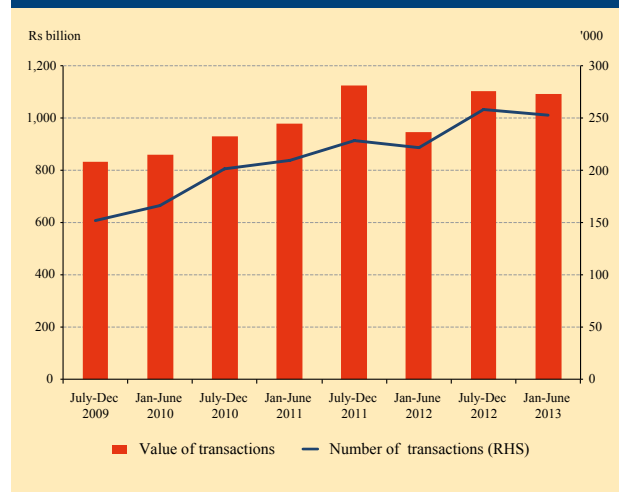


Chart 4.2: Electronic Clearing Transactions

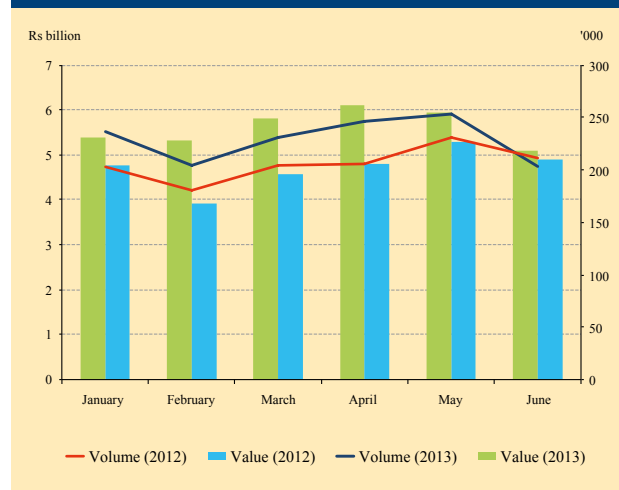


Table 4.1: Breakdown of Returned Cheques

Value range	Below Rs1,000	Rs1,000 - Rs10,000	Rs10,000 - Rs100,000	Rs100,000 - Rs1 million	Rs1 million - Rs10 million	Above Rs10 million
Number	3,295	30,074	26,805	4,867	385	6
Returned cheques as a percentage of total cheques	5.0	46.0	41.0	7.4	0.6	0.0

'Returned cheque' is one factor that may cause cheques to become risky payment instruments. During 2013H1, a total number of 65,432 cheques were returned, representing 2.7 per cent of the total volume of cheques cleared on the system (Table 4.1). Around 92 per cent of returned cheques were below the value of Rs100,000. They were returned mainly due to insufficient funds in the drawers' accounts. The low value of returned cheques compared to the total value of settled cheques does not constitute a significant risk to the system.

## 4.2 Mauritius Credit Information Bureau

During 2013H1, the MCIB continued its expansion. A third utility service provider was admitted as participant, bringing the total number of participants to 42. The expansion of the participant base resulted in an increase in the number of entities registered in the MCIB Database to 653,058 as at end-June 2013, from 638,227 as at end-December 2012. To further increase the coverage of institutions providing credit in the country and guard against default, procedures

have been initiated for the inclusion of cooperative credit unions, telecommunication and internet service providers and private companies offering transmission of television channels by end-2013. The Bank is also exploring the possibility for the MCIB to collect information from consumer credit financing institutions.

When the MCIB became operational in 2005, there was no obligation for banks to report on their Segment B activities. With a view to strengthening the safety and soundness of the banking sector and assess vulnerabilities arising from foreign lending, the Bank decided to make the reporting of Segment B activities to the MCIB mandatory as from 2013.

The MCIB, which is already operating along the lines of the World Bank's General Principles for Credit Reporting, periodically reviews its role in maintaining the robustness of the credit market and preventing adverse selection problems. As from April 2013, the credit history coverage has been extended from two to three years to provide lenders with a better insight of borrowers' account conduct and repayment pattern for a better creditworthiness assessment.