



Speech of

**Mr Harvesh Seegolam, Governor, Bank of Mauritius**

at the launch of the

**MauCAS QR Code**

**Monday 20 September 2021**

Aunauth Beejadhur Auditorium

Bank of Mauritius

Port Louis

Mauritius

Directors of the Board of the Bank of Mauritius

First Deputy Governor

Second Deputy Governor

The Chief Executive of the MBA

CEOs of banks and financial institutions

President of the Association of General Retailers

Members of the press

Distinguished guests

Ladies and Gentlemen

Dear online viewers

A very good afternoon.

It's a pleasure being with you today for the introduction of a new method of payment on the Bank's MauCAS platform, the MauCAS national QR code, which was announced in the National Budget in June 2021.

Ladies and Gentlemen, the link between payment systems and central banking dates to more than two centuries back. The role of central banks in payment systems has evolved from the traditional issuing of banknotes to that of constantly shaping the payment eco-system. Central banks have also become prime facilitators of adaptive capabilities for organisations within the financial system. Today, this transformation is being primarily driven by the huge surge in the volume of payments, consumers' demand for fast, efficient and cheap payments and technological developments.

In parallel, the payment space, which was mainly occupied by banks, has been reconfigured with the emergence of non-bank payment service providers. It is in the light of this radical transformation of the payments landscape that the role of central banks has evolved. Central banks not only regulate payment service providers. They are the enablers, operators and overseers of payment systems.

The payment eco-system in Mauritius has kept pace with international evolution. Our distinguished audience present here, comprising banks, non-bank payment operators, public agencies and retailers reflects the growing synergy between the public and private sector in the payment domain.

Ladies and Gentlemen,

The trend from a cash-dominated economy to a digitalized one is international. Accordingly, the Bank had set the rails for the modernization of the payment systems more than two decades ago.

Today's event is yet another milestone in the modernization and democratization of our payment eco-system. It comes at an opportune time of accelerated demand for digital payments amidst the challenges of the COVID-19 pandemic.

Few could predict that the Quick Response Code, or QR Code as it is commonly known, could have such over-reaching uses in so many different fields. The QR Code, which was developed in 1994 by the Japanese corporation Denso Wave to track automobile parts during assembly process, has today become an important instrument in payments and a low-cost enabler of payment digitalization.

Ladies and Gentlemen,

The MauCAS QR Code is being rolled out as a national QR Code. This will revolutionize the payment landscape in Mauritius. As a low-cost, scalable, secure and an interoperable solution, the MauCAS QR Code is expected to accelerate the transition to a less-cash society in Mauritius. I am sure that our payment arena will greatly benefit from this new standard. This is testimony of the Bank's sustained efforts to modernise the payment landscape in Mauritius.

But, first, allow me to delve back into some of the Bank's important decisions that have contributed in the modernization of our payment landscape and led to the integration of the QR Code on the MauCAS platform. Back in 2000, the Bank implemented a real-time gross payment and settlement system, the Mauritius Automated Clearing and Settlement System. Commonly known as the MACSS, it is at the heart of interbank fund transfers in Mauritius.

The MACSS was further upgraded later to support multi-currency transactions. At that time, it was the first of its kind in Sub-Saharan Africa. The upgrade was complemented by the automation of the Port Louis Clearing House and the subsequent clearing of electronic images of cheques.

Ladies and Gentlemen,

The Bank did not only focus on technological developments. Recognising the need for an enabling regulatory framework for development of digital payments, a comprehensive legislation, the National Payment Systems Act was enacted to provide for fair and equitable access to the payment system infrastructure for new players such as Fintechs and Techfins.

However, in spite of all those initiatives, cash remained the predominant mode of payment. This is the reason why, the Bank recently took a major stride in the transformation of retail payments in Mauritius with the launching the Mauritius Central Automated Switch (MauCAS). As a 24/7 digital payment platform, MauCAS makes banking, e-commerce and mobile payments interoperable and encourages cashless means of payment.

One of the two components of the MauCAS platform is the Instant Payment System (IPS). As its name suggests, the IPS enables near real-time payments. In its second year of operation, the IPS registered an eightfold increase in value of payments to reach Rs1.2 billion, indicating a strong demand in the market for this type of payment mechanism.

I must here emphasize that since I joined the Bank, modernisation of our payments landscape has remained very high on our agenda. We have made sure that all banks offering retail payments were fully on board the IPS in August 2020.

As part of our ongoing progress to better our payment landscape, we are embarking on a process of enhancing the value proposition of the Card Payment System as well.

Ladies and Gentlemen,

Mobile phones have become an integral part of our life. The increasing mobile density in the country is a clear indication of this trend and it is without doubt that many developments in the payments space are taking place using this channel. QR Code based systems leverage on the consumer using his or her mobile to make payments. Payment through QR Codes provides the customer with the comfort of being in command of the payment and provides a higher level of security. In addition, QR Codes being asset-light, are cheap and easy to deploy. It is therefore

a logical step forward on the path of technological evolution that QR codes are being adopted on such a large scale and changing the way we pay.

QR Codes are not unknown to Mauritians. They were introduced originally in non-payment areas. They were subsequently adopted in the payment area by one bank and one non-bank operator. However, the QR Codes of these two institutions were based on a proprietary model and thus operated in a closed loop.

Ladies and Gentlemen,

The Bank's objective is to develop an interoperable financially inclusive retail payment ecosystem that will provide swift, convenient, anytime-anywhere payment services which are easy-to-use, simple, secure, fast and cost-effective for merchant payments, peer-to-peer transfers and interbank transactions. With the increasing usage of real-time instant payment systems and potential benefits of QR Codes, we deemed it opportune to standardize the QR Code to bring inter-operability.

This is what has prompted the creation of a national QR Code based on the EMVCo international standards. Branded as the MauCAS QR Code, powered by the Bank of Mauritius, this QR code has been designed to be fully interoperable and allow the public to make payments at any merchant location.

In addition to this, the national QR code will facilitate inter-bank transfers by relieving users from typing in the account number of beneficiaries. This national QR code will also be an enabler for the digitalization of Government payment services.

I am very pleased that two commercial banks, namely Bank One and Absa, have already adapted their system to be interoperable. I would like to congratulate the teams, both at the level of the Bank of Mauritius and that of the commercial banks who have worked relentlessly on this project to bring the MauCAS QR Code to fruition.

The MauCAS QR Code is a golden opportunity for the banking and financial industry to foster interoperable digital payments acceptance in the country. The Bank's stakeholders can rest assured that we shall continue to work closely with them to support and implement new innovations similar to the MauCAS QR Code. The Bank remains committed to its key policy objective to provide Mauritians with a choice of efficient, secure and low-cost payment methods.

Ladies and gentlemen

Our role in the payment domain is not limited to the domestic market only.

I am pleased to inform you that the Bank and the National Payments Corporation of India (NPCI) have embarked on a project to connect the payment switch in India with MauCAS to foster use of digital payment channels. The project, which is the first engagement of the MauCAS with a foreign payment scheme will leverage on various payment means including cards and QR Codes to bring inter-operability in the payment space between the two countries. An agreement is in the process of being finalised between the two institutions to this end. Technical teams have been set up by both the NPCI and the Bank for the implementation and launching of the system by next year.

The Bank will continue with its engagement to digitalise the payment systems with the collaboration of its partners, banks and other operators of the payments arena. The Bank has also set up an industry-wide Fintech Committee to support this endeavour.

We will in the months to come roll out a number of key initiatives which will further enhance Mauritius as a premier venue in the field of payments, innovation and digitalisation.

With these words, I thank you all for your attention and invite you to make the most of our new MauCAS QR Code.

Thank you.

**Governor Harvesh Seegolam**

Port Louis,

Mauritius