



BANK OF MAURITIUS

Media Release

8 January 2016

Consultation Document: Setting up of an Asset Management Company in Mauritius

1. The Bank of Mauritius ('Bank') has today initiated public consultation on the setting up of an Asset Management Company (AMC) in Mauritius with a view to primarily addressing the adverse impact of non-performing loans (NPLs) on the stability of the financial system.
2. The setting up of an AMC, as a specialised institution to take over NPLs from banks, will assist to clean up clogged balance sheets of banks and release capital ascribed as provisions on NPLs.
3. The establishment of the AMC will go a long way towards improving efficiency in the resolution of NPLs in the country over the medium to long term. Overall, it is expected that the setting up of the AMC will result in significant cost savings for banks, reduced service charges and extraction of higher value for securities pledged by borrowers.
4. The Borrower Protection Act 2007 has had a less-than-expected influence on the resolution of NPLs pertaining to original credit facilities not exceeding Rs2.0 million. Another implication of the establishment of the AMC is the eventual replacement of the Sale By Levy system.
5. The Bank invites both oral and written submissions on the document, which must be made not later than 16 February 2016. Written submissions should be addressed to amc@bom.mu. Members of the public wishing to make oral submissions should contact the Bank on 202 3907 or 202 3918 during office hours.