



MEDIA RELEASE

Annual Report - Year ended 30 June 2017

07 December 2017

1. The Bank of Mauritius has today released its Annual Report for the year ended 30 June 2017. The Report and Statistical Tables are accessible on the Bank's website (<https://www.bom.mu>).
2. In accordance with the provisions of Sections 32(3) and 32(4) of the Bank of Mauritius Act 2004, the Governor has submitted to the Prime Minister and Minister of Finance and Economic Development the fiftieth Annual Report, including the audited accounts of the Bank for the year ended 30 June 2017. The Report was tabled before the National Assembly on 5 December 2017.
3. In his Statement, Governor Basant Roi, G.C.S.K., commented on the relatively better performance of the domestic economy in 2016, which benefitted from positive contributions of some major sectors. He observed that there were encouraging signs of investment gathering pace in the wake of improvements in private investment and positive expectations over the materialisation of newly-announced public projects. However, the Mauritian economy was not free from obstacles. The Governor advocated that it was crucial to continuously improve the comparative advantage and productivity of the Mauritian economy. He also indicated that the Bank had launched several initiatives to modernise the financial markets infrastructure, of which the online auctioning of securities and direct debits were introduced in 2017. The implementation of the National Payment Switch, which will open the way for inter-operable digital payments from multiple channels, is expected to be fully operational by May 2018.
4. The Governor has drawn attention to the performance of the export sector and the resulting deterioration in the merchandise trade deficit. The trade deficit was, however, partially offset by a growing surplus on the services account – reflecting higher travel receipts and net exports of other services – and higher net income from abroad.
5. The Report also contains a *Statement on Price Stability* and a *Statement on Financial Stability*, as required to be published by the Bank under Section 33(2)(b) of the Bank of Mauritius Act 2004.
6. The *Statement on Price Stability* provides an assessment of factors supporting monetary policy decisions taken by the Bank. During the financial year 2016-17, underlying inflationary pressures remained at relatively low levels and inflation expectations were broadly anchored. The Bank adopted an accommodative monetary policy stance in view of creating a conducive environment to promote domestic investment and growth. The Bank also ensured that the rupee was in line with its economic fundamentals, while supporting domestic growth and financial stability.
7. The *Statement on Financial Stability* provides an assessment of financial stability by the Bank over the financial year 2016-17. The domestic financial system is assessed to have remained sound and stable, while the payments system has performed efficiently. With the phasing-in of the Basel III framework, banks have undertaken to strengthen their capital positions, which would act as safeguards against the materialisation of shocks in the system. Initiatives have been taken to enhance the supervisory process of the Bank, specifically with the endorsement of risk-based and consolidated supervision, and

guidelines have been updated to accord with international best practices. Nonetheless, the Bank remains vigilant to potential risks that may affect stability of the domestic financial system.

8. A review of the operations and achievements of the Bank, as well as an economic review for the year ended 30 June 2017 are provided in the Report.