



Opening Remarks

of

Governor Harvesh Seegolam

at the

Signing Ceremony of Memoranda of Understanding

between

The Registrar of Civil Status, the Ministry of Information Technology,

Communication and Innovation and the Bank of Mauritius

and

The Mauritius Police Force (Traffic Branch), the Ministry of Information,

Technology, Communication and Innovation and the Bank of Mauritius

in the

context of the establishment of the Central KYC

Aunauth Beejadhur Auditorium

Bank of Mauritius

Friday 15 April 2022

The Secretary for Home Affairs
Deputy Governors
Permanent Secretaries
Registrar of Civil Status
Deputy Commissioner of Police

Ladies and Gentlemen,

I wish you all a good afternoon.

It gives me immense pleasure to welcome you all to this landmark signature by the Bank of Mauritius of two tripartite Memoranda of Understanding (MoUs) with:

- (i) the Ministry of Information Technology, Communication and Innovation and the Registrar of Civil Status; and
- (ii) the Ministry of Information Technology, Communication and Innovation and the Mauritius Police Force.

We are thankful to the Prime Minister's Office, for bringing all the parties together and expediting the finalization and signature of these two MoUs.

The signing of these two MoUs would facilitate the exchange of information among the Bank of Mauritius, the Registrar of Civil Status and the Mauritius Police Force.

This exchange of information will be effected through the InfoHighway, which is an electronic platform set up by the Ministry of Information Technology, Communication and Innovation for secured data sharing between agencies. We are grateful to the Ministry of Information Technology for its kind assistance in this respect.

Ladies and gentlemen,

as you know, in October 2021, Mauritius exited the FATF List of Jurisdictions under Enhanced Monitoring, ahead of the FATF timeline. Subsequently, Mauritius also exited the UK and EU Lists.

Mauritius, further, reiterated its commitment to ensure sustainability and effectiveness of its AML/CFT system and to remain attentive to the evolving FATF Standards. The fight against money laundering and terrorism financing is an ongoing process and Mauritius is continuing to ensure the sustainability and continuity of the AML/CFT reforms over both the medium and long term.

One such reform is the establishment of the Central KYC system which will facilitate the verification of customer identification documents which is the linchpin of customer onboarding. Indeed, the Financial Action Task Force (FATF) requires that, as part of customer due diligence requirements, customers' identities are verified using 'reliable and independent' source documents, data or information. The use of these Government databases utterly meets the FATF's prerequisites of having reliable and independent source data and documents.

The remote and digital validation and verification of customer identification documents have become even more pertinent during the COVID-19 pandemic. New technologies have helped to adapt to the pandemic through the use of, amongst others, digital forms of identity to enable non-face-to-face interaction with customers.

Ladies and gentlemen,

Allow me to provide some context to the signing of the MoUs. As some of you may be aware, following amendments brought in 2018, the Bank of Mauritius Act 2004 allows the Bank to establish a Central KYC Registry with the objective, among others, of reducing the burden and associated costs of carrying out multiple KYC document verifications on banks, non-bank deposit taking institutions or other financial institutions.

I must highlight that the Bank has been working on this project since 2018. At the outset, the Central KYC Registry was to be set up as the national repository for KYC information of individuals and corporates and the repository was deemed to be located at the Bank.

However, following key technological advancements made at the level of the Ministry of Information Technology, Communication and Innovation, amongst others, the implementation of the InfoHighway platform, coupled with legislative amendments brought to the Civil Status Act to enable the Bank of Mauritius to share information retrieved from the Central Population Database to Participants of the Central KYC system, the Bank has decided to leverage thereon for the establishment of Central KYC System instead of replicating the KYC databases at the Bank of Mauritius. Participants will thus be able to extract, verify and validate updated KYC information on their customers from the official databases.

Ladies and gentlemen,

The establishment of the Central KYC system is yet another milestone in our journey to digitize and modernise the financial services sector of Mauritius. The project will at the same time accelerate the setting up of digital banks in Mauritius through the digital onboarding of customers whereby financial institutions can extract, verify and validate customer due diligence information from the source documents held in government registries.

The Bank will act as the gateway between the financial institutions and the Government database. The Bank will further take the necessary measures to ensure that the confidentiality aspects of the data are complied with, in accordance with the Data Protection Act, prior to sharing information accessed through the databases, with third parties.

Ladies and gentlemen,

The on-boarding of new customers presents a myriad of challenges for banks and financial institutions in terms of not only robust compliance with laws and regulations but also the lengthy on-boarding time frame and the associated elevated costs.

The Central KYC system will thus shrivel and scale down the lengthy manual on-boarding process where a whole spectrum of documents is sought from customers at numerous touchpoints in the process.

The Central KYC system will also allow instantaneous extraction and validation of KYC documents and relieve customers from the hassle of physically visiting a bank or institution and present hard copies of the KYC documents. The time span for identity checks will be shortened and there will be faster and more flexible access to banking services thereby enhancing customer experience.

Further, digital on-boarding using the Central KYC system will minimise the utilisation of resources and shrink the compliance costs of financial institutions and bring in more cost-efficiency in the operations of banks and other institutions which will use the system.

In addition, the risk of fraud will be minimized as the KYC documents will be retrieved from reliable official government sources. The use of Artificial Intelligence in cross-checking automatically whether the documents are genuine and authentic considerably lowers the possibility of using a fake document, as compared to a mere visual check of a hard copy document performed by a staff.

The risk of impersonation will also decrease with the enhanced security features in place, such as facial recognition tests and validation of KYC documents from source data. Moreover, the Central KYC system will support banks and other institutions in their ongoing due diligence by enabling batch updates of the KYC documents of their customers.

Ladies and gentlemen,

I have given my unreserved support to the Central KYC project since this technology-enabled innovative project has the potential to spur productivity and drive economic growth of the country even further. As a testimony of my commitment to innovation and technology, I pre-emptively set up a digital innovation and fintech division at the Bank during the early days of my tenure as Governor.

The Bank will celebrate its 55th Anniversary this September. The signing of the two MoUs today is an important milestone in the achievement of our intended objective of enhancing customer experience and advancing the digital and innovation agenda earmarked for the 55th Anniversary celebration of the Bank.

I look forward to the fruitful collaboration between our respective institutions regarding forthcoming projects as well.

I thank you for your kind attention.

Harvesh Seegolam, Governor – Bank of Mauritius

Port Louis

15 April 2022