



BANK OF MAURITIUS

Communiqué

**Bank of Mauritius Raises
the Cash Reserve Ratio of Banks**

The minimum Cash Reserve Ratio (CRR) requirement on a bank's deposits and other liabilities is currently 4.0 per cent. During any particular two-week period, called the "maintenance period", banks are required to maintain cash balances at the Bank of Mauritius equivalent to 4.0 per cent of their average deposits and other liabilities in the two-week period preceding the maintenance period. It is further required that the CRR should not fall below 2.0 per cent on any particular day during the maintenance period.

Under the present circumstances of high monetary expansion, driven by strong credit growth to the private sector, and excess liquidity in the system, the Bank has decided, in terms of section 49 (1) of the Bank of Mauritius Act 2004, to raise the CRR from 4.0 per cent to 6.0 per cent, with effect from the fortnight beginning 15th August 2008. Concurrently, the minimum CRR on any particular day is being raised from 2.0 per cent to 4.0 per cent.

The first maintenance period will run from 15th to 28th August 2008 and, during that two-week period, banks will have to maintain average cash balances equivalent to 6.0 per cent of their average deposit holdings for the period 1st to 14th August 2008.

The provisions of the *Guideline on Segmental Reporting Under a Single Banking Licence Regime* - which indicate, *inter alia*, the treatment for the maintenance of the CRR on specific deposit liabilities of residents, non-residents and Global Business Licence holders, used for financing Segment A and Segment B activities - remain unchanged.

*Bank of Mauritius
8 August 2008*