



BANK OF MAURITIUS

Communiqué

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

The minimum Cash Reserve Ratio (CRR) requirement on a bank's deposits is currently 6.0 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 6.0 per cent of their average deposits in the two-week period preceding the maintenance period. It is further required that the CRR should not fall below 4.0 per cent on any particular day during the maintenance period.

As part of the exceptional measures to shore up the domestic economy, and, taking into consideration government's policy stance to further strengthen the resilience of the domestic economy, the Bank has decided, in terms of section 49 (1) of the Bank of Mauritius Act 2004, to reduce the CRR from 6.0 per cent to 5.0 per cent, with effect from the fortnight beginning 7th November 2008. The minimum CRR on any particular day remains unchanged at 4.0 per cent.

The first maintenance period will run from 7th to 20th November 2008 and, during that two-week period, banks will have to maintain average cash balances equivalent to 5.0 per cent of their average deposit holdings for the period 24th October to 6th November 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
31 October 2008