

MEMORANDUM OF UNDERSTANDING BETWEEN
THE BANK OF MAURITIUS AND THE FINANCIAL INTELLIGENCE UNIT
THURSDAY 12 NOVEMBER 2009

Ladies and Gentlemen

It is with great pleasure that I welcome you all on behalf of Governor to the signing ceremony this morning.

The Bank is committed to ensure that the Banking Sector is not used as a conduit for laundering money derived from illicit transactions nor for the financing of terrorism.

The Bank has, since January 2001 issued Guidance Notes on Anti-money Laundering and Combating the Financing of Terrorism (AML/CFT) to the financial institutions licensed by it. The Guidance Notes are reviewed on a regular basis in the light of changes brought, both domestically and on the international front, in the existing AML/CFT framework and experience gathered and constant dialogue between the Bank and its stakeholders.

The Guidance Notes are enforceable and breach thereof entails penal sanctions.

The Banking Act 2004 makes it mandatory for institutions in the banking sector to verify the identity of customers thus laying down the basis to track down, in the event of enquiry, perpetrators of terrorism and terrorist financing.

The Bank of Mauritius Act 2004 and the Financial Intelligence and Anti-Money Laundering Act 2002 (FIAMLA) cast a duty on the Bank to share with the FIU any information suggesting the possibility of a money laundering offence or suspicious transaction. However, the information which the Bank could share with the FIU was restricted to issues involving Suspicious Transaction Reports (STRs) and information considered consistent with section 22 of the FIAMLA.

This shortcoming has been cured in July 2008, when section 26(4) of the Bank of Mauritius Act was amended by the Finance Act to enable the exchange or disclosure of any information, under conditions of confidentiality, between *inter alia* the Bank and any public sector agency or law enforcement agency, where the Bank is satisfied that the public sector agency or law enforcement agency has the capacity to protect the confidentiality of the information imparted.

As a result of the above amendment, the Bank is now legally authorized to enter into this Memorandum of Understanding with the Financial Intelligence Unit.

The signature of this Memorandum of Understanding today between the Bank and the FIU reinforces the commitment of the Bank to pursue its efforts to promote the exchange of supervisory information considered vital for avoiding regulatory gaps in the system and for maintaining a safe, efficient and stable financial system in Mauritius.

The MoU provides for mutual assistance between the Bank and the FIU in the national effort to combat threats posed by financial crime, in particular, money laundering and terrorist financing.

The MoU sets out the framework of co-operation between the Bank and the FIU for the sharing of relevant and timely information relating to the detection and prevention of money laundering and terrorist financing, and ensures that effective regulatory and legal action is taken where appropriate.

The Bank and the FIU have also agreed to collaborate in supporting training initiatives that promote understanding in the area of money laundering and terrorist financing.

Last year, the Government decided to introduce a currency Declaration Form for people coming to Mauritius. As per the arrangement a copy of the form will also be provided to the FIU.

As of today, on the domestic front, the Bank has entered into MoU's with three institutions.

The Bank had entered into an MoU with the Financial Services Commission for the sharing of regulatory and supervisory information. In furtherance of this MoU, a "Protocole d'Accord" was signed on 12 July 2007 to promote a more structured collaboration and coordination between the two bodies. A Joint Bank of Mauritius/Financial Services Commission Coordination Committee was also set up to activate and expand on the existing MoU.

Earlier this year, the Bank signed in March 2009 an MoU with the Central Statistics Office to avoid overlapping and duplication in the collection and production of statistical information.

I am pleased to announce that other MoU's for the sharing of information with other institutions are currently under discussion between the Bank and the agencies concerned.

The Bank of Mauritius as a regulatory and supervisory body for banks, non-bank deposit taking institutions and cash dealers has entered into seven memoranda of understanding with international institutions for the sharing of supervisory information, including information on money laundering and terrorist financing:

- (i) La Commission Bancaire de France;
- (ii) The Jersey Financial Services Commission;
- (iii) The State Bank of Pakistan;
- (iv) The Bank of Mozambique;
- (v) The South African Reserve Bank;
- (vi) The Central Bank of Seychelles; and
- (vii) The Hong Kong Monetary Authority

The Bank of Mauritius also has an informal agreement with the Reserve Bank of India for the sharing of such information.

In the year 2001, an FATF Type mutual evaluation was conducted under the aegis of the Offshore Group of Banking Supervisors (OGBS) of which the Bank of Mauritius is a member.

All the recommendations of the evaluation of the AML/CFT regime of Mauritius have been implemented.

The AML/CFT regime in Mauritius was evaluated twice by the joint IMF/World Bank Financial Sector Assessment Program mission (FSAP). The mission found the AML/CFT regulatory and supervisory structure to be of a good standing and improving. The Mutual Evaluation/ Detailed Assessment Report on AML/CFT for Mauritius has been published and is available on the websites of the IMF and ESAAMLG.

May I on behalf of the Bank thank the FIU for the signature of the MOU and hope that our two institutions will now be able to better coordinate their efforts in combating money laundering.

Thank you.