



Remarks by Mr Rundheersing Bheenick, Governor of the Bank of Mauritius at the launching ceremony of the Over-The-Counter sale of Treasury Bills/Treasury Notes at the new Headquarters of the Bank of Mauritius – 24 July 2007

Distinguished Guests of the Financial Community

Chairman of the Mauritius Bankers Association Ltd

Our first customers to the OTC sales

Ladies and Gentlemen

I am grateful that you are all here with us this morning to share the launching ceremony of the Over-The-Counter (OTC) sales to the public.

The reasons for which we are re-launching the sale of Treasury Bills and Treasury Notes directly to the public are manifold.

As you would already know, the Honourable Rama Krishna Sithanen, Deputy Prime Minister, Minister of Finance and Economic Development announced in his 2007/08 budget speech that the Bank of Mauritius will re-launch the retail sale of Treasury Bills/Treasury Notes directly to the public. This practice had been stopped for some time.

You would also have no doubt noted that saving performance of the country has been doing downhill. The Saving Rate fell from 22.6 per cent in 2004 to hardly above 16 per cent in 2007 and this at a time when secondary market sales are open and the Stock Exchange has been encouraged by the central bank to offer Government papers directly to the public. Just to provide you with an indication of this low performance, the sale of Government of Mauritius Treasury Bills and Treasury Notes through stock broking companies on the stock market have amounted to a grand total of barely above Rs1 Million in July 2007.

So, we thought we need to do something to stop the decline and encourage our savers to invest in treasury instruments. We thought we have to work on ways to stimulate the development of the secondary market for Government securities and provide an additional investment opportunity to individual investors.

For these reasons, we are offering this morning a whole range of instruments ranging from short-dated Treasury Bills to 4-year paper. These instruments will give us a term structure and also an indication of the appetite of our savers for papers of different maturities. Furthermore, primary bidders and dealers will have a better feel of where the market is heading.

We are today logging quite a few Firsts. Let me mention a few of them -

- ✚ Today, for the First time Members of public are having access to the Banking Hall of the new Headquarters Building
- ✚ Today, for the First time and we are using our counters; and
- ✚ Today, for the First time the Banking Hall of the new Headquarters Building is being used. We are today starting the migration process of our whole banking operations from the old to the new building. We are hopeful that two to three weeks down the line we would have completed the move to the new Headquarters.

So, we have three impressive Firsts for a small occasion.

I am pleased to invite Directors of the Board of the Bank as well as our first customers to move forward for the formal launch of the OTC sales. (*Unscrolling of Display*)

After the formal launch, we shall move towards the counters. I believe that whenever there is something new, there must also be something old. So, to mark the start of transactions at our new counters and with a view to coining this momentous occasion, I found it most auspicious to strike the gong which was offered to us by the central bank of Kenya at the time of the inauguration of our old building in 1972.

I thank you all for your presence with us this morning.

Bank of Mauritius
24 July 2007