



BANK OF MAURITIUS

PRESS COMMUNIQUE

Bank of Mauritius Raises the Cash Reserve Ratio of Banks

The minimum Cash Reserve Ratio (CRR) requirement on a bank's deposits is currently 4.5 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 4.5 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 3.0 per cent on any particular day during the maintenance period.

Under the present circumstances of high 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 4.5 per cent to 5.0 per cent, with effect from the fortnight beginning 18th June 2010. Concurrently, the minimum CRR on any particular day is being raised from 3.0 per cent to 4.0 per cent.

The first maintenance period will run from 18th June to 1st July 2010 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 4th to 17th June 2010.

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
16 June 2010