



BANK OF MAURITIUS

website: <http://bom.mu>

COMMUNIQUÉ

BANK OF MAURITIUS HOSTS THE FOURTH MEETING OF THE FINANCIAL STABILITY BOARD REGIONAL CONSULTATIVE GROUP FOR SUB-SAHARAN AFRICA

The Bank of Mauritius (the Bank) hosted on Tuesday 22 October 2013 the fourth meeting of the Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa (SSA). The meeting was co-chaired by Mr Rundheersing Bheenick, Governor, Bank of Mauritius, and Mr Lesetja Kganyago, Deputy Governor, South African Reserve Bank. Among the issues discussed were FSB policy priorities and work plan, regional vulnerabilities, shadow banking, credit rating agencies and risk management. These topics gave participants the opportunity to come forward with their own country concerns and provide inputs to the policy measures to be taken by the FSB to address global and regional financial stability risks.

Governor Bheenick, speaking about financial stability issues in Mauritius stated that “...one of our major concerns springs from the fact that our banking sector is heavily concentrated... the two largest banks control around 60 per cent of our banking sector assets... a major vulnerability that is complicated further by rather complex structures. We are also concerned about concentration of lending as there is tremendous scope for arbitrage between banks and the major borrowers who are already over-indebted.”

In the context of shadow banking, Governor Bheenick pointed out that some credit-granting institutions, which are governed by their own legislation and subject to less oversight and regulation, may pose financial stability risks. He added that supervisory authorities should remain alert to the fact that the more the banking sector is regulated, the more activity may shift to the non-regulated sector.

Deputy Governor Kganyago evoked, among other things, the recourse to the issue of bonds by several African countries in the current low interest rate environment and the possible implications of the unwinding of the unconventional monetary policy measures. He stressed that regulators must be positioned to respond to these risks should these materialise. He also raised the issue of the expansion of Pan African banks which tend to be systemically important in some host countries.

Further details on the topics discussed at the meeting can be accessed at www.financialstabilityboard.org/press/pr_131022.pdf

The work of the FSB RCG for SSA will be presented at the FSB plenary in Moscow early next month.

Bank of Mauritius
23 October 2013