



BANK OF MAURITIUS

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Bank of Mauritius raises the Cash Reserve Ratio (CRR) on Rupee Deposits and lowers the CRR on Foreign Currency Deposits

The Bank announces today that, taking into account the persistent excess liquidity in the banking system, it has decided, in terms of section 49(1) of the Bank of Mauritius Act 2004 and with effect from the fortnight beginning 4 October 2013, to raise the fortnightly average CRR on rupee deposits from 7.0 per cent to 8.0 per cent and the daily minimum CRR for rupee deposits from 5.0 per cent to 5.5 per cent.

The Bank has decided, in parallel, to lower the fortnightly average and the daily minimum CRR on foreign currency deposits from 7.0 per cent and 5.0 per cent to 6.0 per cent and 4.5 per cent, respectively.

Since 25 February 2011, the CRR on banks' rupee and foreign currency deposits had been set at a fortnightly average of 7.0 per cent and at a minimum daily requirement of 5.0 per cent.

Effective from the maintenance period 4 to 17 October 2013, banks will be required to maintain average rupee and foreign currency cash balances at the Bank of Mauritius equivalent to 8.0 per cent and 6.0 per cent, respectively of their eligible average rupee and foreign currency deposits for the two-week period preceding the maintenance period, *i.e.*, from 20 September to 3 October 2013. With regard to daily minimum requirement for their eligible rupee and foreign currency deposits, the CRR is 5.5 per cent and 4.5 per cent, respectively.

For the foreign currency deposit component denominated in US dollar (USD), pound sterling (GBP) and euro (EUR), the maintenance of cash reserves is currently in accordance with the respective currency composition of the deposit base. Reserves relating to deposit liabilities, if any, in foreign currencies other than USD, GBP and EUR, will have to be maintained in USD. Government rupee and foreign currency deposits are also subject to CRR.

The treatment for the maintenance of the CRR on specific deposit liabilities used for financing Segment A and Segment B activities remain unchanged.

Bank of Mauritius
2 October 2013