

# Sophisticated and secure financial platform to Africa

*Editor's note: Mauritius' banking sector is well capitalized, resilient and highly competitive, having attracted top global operators that add value to the already innovative financial landscape. The size of the offshore market, however, presents a challenge that must be monitored closely. Rameswurlall Basant Roi, Governor of the Bank of Mauritius, explains the sector's successes and challenges to The Business Report's Marie Leclercq.*

## **How would you diagnose the Mauritian banking sector?**

The banking sector in Mauritius displayed remarkable resilience during the 2007-08 global financial crisis, barely requiring any liquidity support from the authorities. Today banks maintain, on average, a capital adequacy ratio of around 17 per cent and enjoy a comfortable liquidity position, reflecting their capacity to withstand adverse shocks. In turn, the financial sector continues to thrive, with relentless market and product diversification efforts pursued by innovative operators.

## **What qualities make Mauritius a truly competitive international financial center?**

Few countries in Africa combine a favourable business climate, stable democracy, macroeconomic stability, a fully liberalised financial sector, reliable banking system, low taxes and an educated bi-lingual workforce as strongly as Mauritius does. Furthermore, these qualities support the banking sector, which is well regulated in conformity with international best practices, and suitable macroeconomic policies sustain economic growth, with Mauritius currently enjoying low inflation and external debt.

## **Why are banks utilizing Mauritius as a bridge to Africa?**

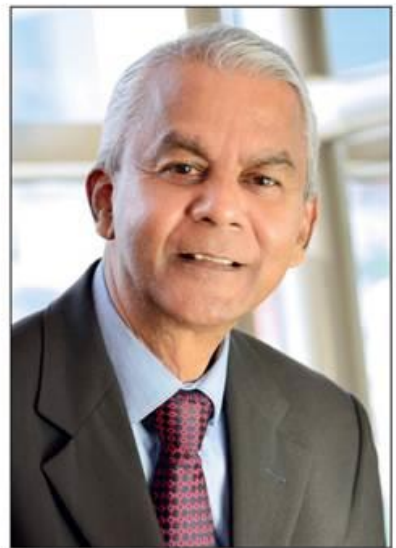
Today, Mauritius has several international banks in operation servicing the financial sector, with some of them actively considering setting up their Africa treasury center here. The jurisdiction has signed 14 bilateral accords with African nations for double tax avoidance purposes, and institutions worldwide have come to look up to Mauritius as a secure platform to channel their investments into Africa. Furthermore, Mauritius is an active member in several regional economic blocks – such as the COMESA, the SADC, and the IORA. These regional treaties provide the necessary legal foundation to develop strong business relationships across the continent.

## **What are the core challenges the financial sector faces today?**

With a share of 12 per cent of GDP, the financial sector is increasingly exposed to risks. Two overriding challenges are how best to address the risks and vulnerabilities associated with the offshore business sector and how best to maintain the competitive advantage of the financial sector as a whole. This requires high-calibre human capital to keep the banking sector above troubled waters in such challenging times.

## **How do the BOM's regulation and supervision guidelines work to meet these challenges?**

The BOM is upgrading its supervisory process with the implementation of a robust risk-based supervision framework and is moving forward with consolidated supervision and oversight of financial conglomerates. A crisis management and resolu-



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tion framework is currently being worked out. These initiatives will reinforce the regulatory regime and foster financial stability.

## **How will Bank of China Mauritius further position Mauritius as a gateway to Africa?**

The Bank of China opened its first subsidiary in Mauritius in September 2016. This will speed up the process of shaping Mauritius as a major international financial centre on the Afro-Asian trade and finance route. Indeed, the presence of the Bank of China, whose core business revolves around international banking services between Asia and Africa, adds diversification. Moreover, Mauritius is envisaging the implementation of a Renminbi clearing system to enhance the ease of doing business from and to China with Africa in particular and the Bank of China will promote the use of Renminbi for cross-border payments.