



Speech
of
Mr Yandraduth Googoolye,
Governor,
Bank of Mauritius

on the occasion of the
Listing of the Golden Jubilee Bond on the Stock Exchange

Wednesday 18th of July 2018

Labourdonnais Hotel

Port Louis.

- Honourable Dharmendar Sesungkur, Minister of Financial Services and Good Governance
- Professor Donald Ah-Chuen, Chairman, of the Stock Exchange of Mauritius Ltd
- Members of the Board of the Stock Exchange of Mauritius
- Members of the Board of the Bank of Mauritius and Members of the Monetary Policy Committee
- Mr Sunil Benimadhu, Chief Executive, Stock Exchange of Mauritius Ltd
- Mr Vipin Mahabirsing, Managing Director, Central Depository and Settlement Co Ltd
- Chief Executives of Financial Institutions
- Ladies & Gentlemen

Good evening...

I am delighted to be here this evening to celebrate the official listing of the Bank of Mauritius Golden Jubilee Bond on the Stock Exchange of Mauritius, after a soft listing on 26 June 2018.

You may recall that the Bank decided to issue the three-Year Bank of Mauritius Golden Jubilee Bond to commemorate its Golden Jubilee and also contribute, through this eminently people-centric initiative, to the celebration of our country's fiftieth independence anniversary.

When the Bank of Mauritius was crafting the project of the Golden Jubilee Bond, it had in mind individuals and Non-Government Organisations, to whom the Bank wanted to offer the opportunity of obtaining a higher return for their investment. In parallel, the Bond also helped the Bank on the front of domestic money market liquidity management.

Ladies and Gentlemen, we are pleased to share with you that the Bank absorbed some 8.9 Billion Rupees of liquidity from the system through this issue which ran over three months, from 15 March to 15 June 2018.

There is no wonder why the Bank was looking forward to having the Bond listed on the Stock Exchange of Mauritius. On the one hand, this would widen the accessibility of these instruments to the public and on the other hand it would facilitate any transaction taking place on the secondary market.

In that regard, the Bank of Mauritius would like to thank the Stock Exchange of Mauritius and the Central Depository and Settlement Co Ltd with which the staff of the Bank has worked closely to make this official listing happen.

Thanks to the joint efforts, collaboration and seamless interaction between our respective entities, Bonds can now be purchased and sold on the Stock Exchange of Mauritius through licensed stockbrokers.

Allow me to share that participation from members of the public and the value of the transactions have significantly increased. In this context, we will soon be able to establish a benchmark yield curve, an element which is essential in the development of money and capital market instruments.

At the Bank, we firmly believe that a well-developed and efficient domestic bond market is a prerequisite for healthy and buoyant financial markets. Following the resounding success of the Bank of Mauritius Golden Jubilee Bonds, the Bank has engaged with commercial banks with a view to opening up access to financial instruments on the secondary market.

I am sure that we all look forth to Mauritian financial markets boasting a wide and high-quality range of products. The guideline on commercial papers issued by the Bank of Mauritius show the path to the issuance of financial instruments ranging from corporate bonds to certificates of deposits, particularly at a time when we the big names in the business raising funds on the market.

Ladies and gentlemen, financial instruments available on the secondary market present risk-free investment opportunities whilst having interesting yields. These instruments can also be pledged as collateral for banking facilities.

The enhancement of bond markets will definitely improve the intermediation of savings within the economy, especially at a time when interest rates on deposits are relatively low and unattractive. The promotion of a secondary bond market will substantially strengthen the structure of our financial system and optimise the conduct of monetary policy.

Speaking of the growth of financial markets, I believe that it is important to highlight the significance of cohesion between all stakeholders involved the process. I wish to share that the Bank of Mauritius has been holding discussions, and very fruitful ones, with Primary Dealers and Secondary Dealers. Indeed, the support of all parties is critical as regards facilitating access to Government of Mauritius Securities and the Bank of Mauritius Securities.

Allow me to also thank all our regulatees for their eagerness to support the bank in its endeavour to give the banking industry not only a bright future but also one that factors in the human dimension. For let us not forget that the central bank as well as all commercial banks have first and foremost a social mission for they would not exist if there were no customers.

On that note, I would like to remind banks that in the Mauritian customer mind-set, a good interest rate on savings is of paramount importance and that an upward revisiting of rates would be commendable, especially for pensioners who look forward to a good return on the hard-earned money they have saved during a lifetime.

Bearing in mind that in 2015 banks had lowered interest rates without any change in the KRR, I know that banks can also adjust their rates in favour of their customers, especially now that the yields on Government instruments are up by almost threefold... By the way, the revision of savings rate is justly on my agenda for the forthcoming Banking Committee and I am sure that banks will respond favourably to my call.

In this regard, I would like to underline the rekindled spirit of dialogue that exists between the Bank of Mauritius and its regulatees as well as with the business sector at large. In the light of the obvious appetite that exists for high yield financial instruments, I would like to invite our Mauritian corporates and leading firms to consider floating such instruments that can also be traded on the stock exchange.

The Bank of Mauritius wants to ensure that the Primary Dealers develop the secondary market of these instruments and educate the investor public at large about the benefits of trading in Government securities. For its part, the Bank of Mauritius has launched an awareness campaign to encourage investment in Government and Bank of Mauritius securities.

Ladies and gentlemen, speaking of awareness, I strongly believe that financial education is of utmost importance. The Bank has launched its financial literacy in March last and I am pleased to share that, to date, we have reached out to some 10 thousand families. In effect, our staff has conducted informative sessions with visitors as well as college and university students, bringing to their attention the basics of central banking, monetary policy and the importance of savings and smart and safe investments. We are currently working with our partners, banks and other entities to transform our society into a financially literate one.

I am certain that the Bank of Mauritius can rely on your precious support to give our financial jurisdiction *'ses lettres de noblesse'*...

Before I end, let me once again thank the Stock Exchange of Mauritius and the Central Depository and Settlement Company Limited for their esteemed collaboration and great work.

Ladies and Gentlemen, I thank you all for your attention...