



Remarks by

Mr Harvesh Seegolam, Governor, Bank of Mauritius

at the

Workshop on Correspondent Banking

by the

Bank of Mauritius and the EU AML/CFT Global Facility

in collaboration with the ESAAMLG

Wednesday 11 May 2022

Bank of Mauritius

- Dr The Honourable Renganaden Padayachy, Minister of Finance, Economic Planning and Development
- H. E. Ms Caussé-Tissier, Ambassador of France
- Dr Kisanga, Executive Secretary, ESAAMLG
- Mr Hotte, Team Leader of EU AML/CFT Global Facility
- Second Deputy Governor, Bank of Mauritius
- Directors of the Board of the Bank of Mauritius
- Dr Beekarry, Director General, Independent Commission against Corruption and Co-Chair of the Core Group on AML/CFT
- Members of the Core Group and the Interagency Coordination Committee
- Chief Executive Officers of banks
- Experts from the EU AML/CFT Global Facility
- Distinguished Participants and Guests
- Ladies and Gentlemen,

A very good morning and a warm welcome to you all. We meet today to discuss a topic of great relevance.

Without correspondent banking facilities, payment services would simply cease to exist in the world. Correspondent banking plays a crucial role in the facilitation of cross-border payments and remains a prerequisite for trade, investment and economic activities.

A financial system that allows dirty money to flow freely is egregious. To address the quandary of de-risking, the standard setters, such as the European Union, the FATF, the IMF and the Wolfsberg Group have issued pivotal guidance.

Such guidance aims at examining the dimensions of the decline in correspondent banking facilities, and taking actions to resolve the issue by providing clarity on regulatory expectations to banks, enhancing domestic capacity-building in respondent banks' jurisdictions, and lastly, strengthening tools and using technology for conducting due diligence by correspondent banks.

In this regard, I am very happy to see in our midst representatives from the main standard-setters who have come to share insights on the topical subject of correspondent banking.

Ladies and Gentlemen,

Correspondent banking relationships became under increased pressure in the wake of recent global developments, the more so in light of challenges that we have faced in the last couple of years, and some of which are still impacting us.

With the advent of the pandemic, and the listing of Mauritius by the FATF and the EU, the Bank of Mauritius deployed, in a timely manner, an array of measures to ensure that local banking operators preserved correspondent banking arrangements with banks internationally.

And speaking about the strength of the banking sector in Mauritius, it is important to note that the IMF during its last Article IV visit, which just ended yesterday, has recognised the resilience of our Banking Sector. They also put on record the large and comprehensive support measures that have helped cushioned the economic impact of the pandemic.

One important aspect to note is that, at the level of the Bank, my priority has been to protect the Banking Sector, more so since the pandemic hit us and throughout our ICRG 'delisting' process. We left no stone unturned in putting our acts together in a very timely and efficient manner, by rolling out the Bank of Mauritius support programme which included both conventional and unconventional measures. Today, as we look back, we see that we have been able to weather this unprecedented shock and its impact on the banking sector.

Had we not rolled out these measures, including the setting up of the Mauritius Investment Corporation, the fate of the Banking industry would mostly have been otherwise. We have acted swiftly and meaningfully in favour of the banking sector and, by ripple, of our economy. It is the combination of all measures which explain the continued resilience and confidence in our banking system, thus not putting our financial stability in jeopardy. It is this continued confidence that explains the trust of international banks in Mauritius and also why we continue to see correspondent banks believe our banks.

As a matter of fact, as we speak, 17 banks regulated by the Bank of Mauritius have availed of more than 800 correspondent banking relationships including RMAs, Nostros and Vostros.

In that same vein, the Bank of Mauritius continues to work very closely with all its regulatees to ensure a continuous monitoring of developments on the front of correspondent banking and cross border payments. This is justly what has helped Mauritius nurture and enhance its attractiveness and repute as a trusted international financial centre even during the time when Mauritius was going through its ICRG process.

This being said, we have not rested on our laurels. We have continued enhancing the AML/CFT framework in line with the action plan spelt out for Mauritius. Our focus is now on sustaining our actions. To this effect, the inter-ministerial committee chaired by the Honourable Prime Minister, the Core Group and the ICC continue to play instrumental roles on our AML/CFT sustainability journey.

Ladies and Gentlemen,

For this workshop, we are equally welcoming a team composed of members of the ESAAMLG who are here to conduct a de-risking survey for the region. They will eventually enlighten us with their findings in a report to be published later this year.

De-risking and correspondent banking are intrinsically and intricately linked. As many of the leading banks are elaborating new de-risking strategies in the face of regulatory challenges which may bring them to revisit their operations across our continent, it is important, now more than ever, that we – and here I mean Central Banks as well as banks and financial institutions - work together to address this challenge.

However, it is noteworthy that there is no “one-size-fits-all” approach to tackling de-risking due to the multifaceted nature of correspondent bank relationships. We must therefore call for greater synergies to be developed with regional and international banks.

Ladies and Gentlemen,

This workshop on correspondent banking is timely and of paramount importance as it will allow all participants to come out better equipped to foster stronger correspondent banking relationships.

Before concluding, I wish to put on record the extraordinary and sustained support we have received from the ESSAMLG. Dr Kisanga - our interactions over the past months have been instrumental and I look forward to pursuing on this path. The EU Global Facility continues to be one of our most important partners in our outreach and capacity building strategy. Mr Hotte - again I look forward to many more successful and topical initiatives.

Last but certainly not least, I wish to put on records the support we have received from the Honourable Minister of Finance, Economic Planning and Development, all throughout the ICRG process and the exit processes, especially in the discussions with the EU. Honourable Minister - thank you for the continued commitment and in believing firmly in international adherence as being a major catalyst in our economic development.

With these words, Ladies and Gentlemen, I wish you all fruitful deliberations over the next two days and invite you to make the best out of this workshop.

I thank you for your attention.

Harvesh Seegolam
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Port Louis