



**Speech of Mr Harvesh Seegolam,  
Governor of the Bank of Mauritius**

at the

**VIRTUAL LAUNCH OF  
THE GUIDELINE ON PRIVATE BANKING  
AND THE GUIDELINE FOR DIGITAL BANKS**

Monday 6 December 2021

Bank of Mauritius

Port Louis

Second Deputy Governor

Chief Executive Officers of banks and financial institutions

Members of the Media

Ladies and Gentlemen

Good morning.

It gives me great pleasure to be with you today, albeit on a screen and through virtual means.

As a matter of fact, the times in which we are living require that we rethink everything, from our modes of interaction to our workplace arrangements and service delivery methodologies.

Indeed, the banking industry has been and remains very busy since the start of the pandemic, with maintaining the continuity of operations, in shielding the economy and supporting recovery. This has prompted all of us, the central bank as well as its regulatees, to leverage technology and innovation to ensure that disruptions, if any, would have the minimal possible impact.

From the pandemic, new requirements have stemmed, like social distancing and providing customers with enhanced convenience for using banking services from the safety of their homes. This has in turn prompted an unprecedented change process across the whole spectrum of the banking industry.

Today, digital banking is at an all-time high. The COVID-19 pandemic has also boosted the digital trend in payments across payment types, demographics, and geographies. A significant surge has been noted on the Bank's MauCAS platform, and the launch of the MauCAS QR Code in September last is a more than opportune catalyst.

Ladies and Gentlemen,

Empirical evidence shows that the rate of digital banking adoption has doubled during the pandemic. Two trends have also emerged. First is digital adoption by those customers who were traditionally digitally

averse, such as the elderly. Second, local banks are deploying innovative and technology-based offerings that are converging towards a 24/7 banking reality.

In effect, banks are capitalising on technological innovation not only to improve efficiency in the discharge of their services, but also to respond to the increasingly exacting standards and demands of customers during these challenging times. You will certainly agree that, today, internet banking, mobile banking and cashless transactions are literally deemed as a must.

It is in that spirit that during the 2020 and 2021 lockdowns, over and above preserving the resilience of the banking sector and ensuring the continuity of banking services, the Bank launched a sustained sensitization campaign to encourage the public to make use of digital channels for their banking transactions. The intent was to reduce physical presence at banks' branches.

As a forward-looking central bank, we are leaving no stone unturned to further strengthen and modernise the banking landscape, the more so that it has been empowered in 2020 to licence digital banks. Accordingly, the Bank has developed, with the assistance of the IMF AFRITAC South, a conducive licensing and regulatory framework for digital banks in Mauritius.

This framework caters for the licensing of banks that intend to conduct banking business exclusively through digital and other electronic means. In parallel, the Bank has also focused on the digital onboarding of customers, which is a prerequisite for digital banking.

Ladies and gentlemen,

Whilst the Bank of Mauritius is adamant about transforming the banking industry, it is also fully conscious that measures should be taken to protect the financial system from new types of risks that the ongoing digital transformation of the banking sector may bring along. Cyber threats are a real cause for concern and, if improperly planned, a technological quantum leap can generate unforeseen vulnerabilities which may be exploited by cybercriminals.

As banking is becoming increasingly cashless and customers are eagerly opting for digital banking services, they are more exposed to malwares, spoofing, phishing and other types of scams. To tackle these issues, I am pleased to share that the Bank is working on its enhanced framework on Cyber and Technology Risk Management for the industry.

It is important to mitigate such risks, not only to protect consumers but also to see to it that banking operations are devoid of risks that may lead to AML/CFT shortcomings. I need emphasize that it is our common responsibility to protect the integrity of the financial system and it is our duty to work together to fully mitigate AML/CFT risks.

In my capacity as Governor of the Bank of Mauritius, and as the Head of the Mauritius delegation in the discussions that have led to the removal of the Mauritius jurisdiction from the list of countries under increased monitoring, I shall be very clear: There will not be any compromise on AML/CFT matters!

Ladies and Gentlemen,

The two guidelines that are being released today, more specifically the Guideline on Private Banking and the Guideline for Digital Banks, augur a new dawn for the banking industry. This is in line with the Blueprint for the financial services sector that we had elaborated a few years ago for Mauritius to be a reference as an IFC.

The Bank has rejigged its Guideline on Private Banking with a view to fostering an even more conducive banking and financial environment. The Bank's preeminent objective in the crafting of this upgraded guideline is to provide an enhanced bedrock for both local and foreign investors who want to do business in Mauritius and offer private banking services.

The Guideline covers AML/CFT requirements and has been benchmarked with guidelines on private banking issued by foreign jurisdictions. The Guideline has further been circulated to banks for views and suggestions and has equally undergone a public consultation process.

The Guideline on Private Banking spells out the regulatory and supervisory framework applicable to banks conducting private banking business. It equally defines the parameters within which banks licensed to exclusively conduct private banking business will operate as well as the exemptions which they can avail.

As regards the Guideline for Digital Banks, much attention has been paid in its elaboration to the evolution – or should I rather say, revolution- that technology is prompting in the banking industry. As per the principles contained in this guideline, the holder of a private banking licence will be able, subject to the Bank's approval, to conduct private banking business solely through digital means or through electronic

delivery channels. In such circumstances, the Guideline for Digital Banks will also be applicable to the private bank.

In a few minutes, my Second Deputy Governor and her team will provide you with a detailed view of the two guidelines.

Before I end, I wish to put on record our appreciation of the views and suggestions provided by all stakeholders further to the circulation of the draft Guideline. I also thank all those who have most willingly participated in Working Group discussions.

This a continuous process, and I invite stakeholders to regularly share feedback with us so that we can continuously enhance the provisions of the guidelines we are launching today.

Through these two guidelines, I am confident that the banking industry will embark on a new journey to better accompany the growth of Mauritius as an International Financial Centre.

On this note, Ladies and Gentlemen, I thank you for your attention...

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*Monday 6 December 2021*  
*Port Louis,*  
*Mauritius.*

