

“There is a need for greater institutional cooperation to ensure that financial services are properly regulated”



From left to right: Mr. Jinesh Panchali (FT KMC Ltd), Mr. Joseph Bosco (GBOT), Mr. Milan Meetarbhan (FSC) & Mr. Suresh Kumar (Emirates Financial Services)

This view was expressed by Mr. Milan Meetarbhan, who was the Chief Guest at the launching of the knowledge and training initiatives organised by the Global Board of Trade Limited (GBOT) at La Plantation Hotel, Balaclava on 10 December 2008. GBOT is promoted by the Financial Technologies Group and licensed by the Financial Services Commission. It will be the first pan-African commodities exchange offering trade on an electronic platform to its members across the globe.

The Chief Executive pointed out in his address that there has been a dramatic shift in the way regulators view the financial markets since the recent financial meltdown.

According to Mr. Meetarbhan, a lack of proper regulation has been partly responsible for the crisis. He added that so far, more complex financial products were less regulated because it was believed that investors did not need protection from regulators. This has impacted on the society and the economy.

The Chief Executive believes that even though the world is not yet ready for a global regulator, the issue of cross-border financial services needs to be addressed urgently. There is a need, according to him, to tighten supervision on companies or groups offering both non-regulated and regulated services since the former impacts on the latter. In addition, Mr. Meetarbhan pointed out that it is important to ensure a holistic approach between regulators.

The Chief Executive explained to the audience that the Commission has embarked on several reforms since the past three years. The FSC has improved its regulatory approach towards a more business-friendly regulation. The new legislations enacted in 2007 are in greater compliance with the international norms. Moreover, the new laws provide for the Commission to co-regulate with Self-Regulatory Organisations in the different sectors falling under its purview. The Commission will also be implementing a new Risk-Based Supervisory Framework as from the beginning of 2009. Mauritius will, in fact, be the first jurisdiction among emerging markets to have such an approach towards regulation.

In his concluding remarks, the Chief Executive highlighted that in the face of the current financial situation, we need both regulatory and market changes. There is also a pressing need for better enforcement and greater cooperation so that cross-border financial services are properly regulated.