



**LAUNCH OF A FINANCIAL LITERACY CAMPAIGN ON
THE VIRTUAL ASSET AND
INITIAL TOKEN OFFERING
SERVICES ACT 2021**

Address by

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**CHIEF EXECUTIVE, FINANCIAL SERVICES COMMISSION,
MAURITIUS**

11th August 2022

The Honourable Mahen Kumar SEERUTTUN, Minister of Financial Services and Good Governance

Mr Mardayah KONA YERUKUNONDU, Chairperson of the Financial Services Commission and First Deputy Governor of the Bank of Mauritius

Mr Rajeshsharma RAMLOLL SC, Solicitor General and Vice Chairperson of the Financial Services Commission

Mr Sarwansingh PURMESSUR, Permanent Secretary of the Ministry of Financial Services and Good Governance and Board member of the Financial Services Commission

Board Members of the FSC

Mr Heman Jhangi, Deputy Commissioner of Police

Ms Lakshmi Appadoo, Chairperson of the Financial Services Fund

Mr Dick Ng Sui Wa, Chairperson of the Information and Communication Technologies Authority

Representatives of Consumer Associations

Captains of the Industry

Members of the Press

Distinguished Guests

Ladies and Gentlemen

All protocols observed.

I wish you all a very good afternoon and thank you for your presence here today for the launch of a financial literacy campaign on the Virtual Asset and Initial Token Offering Services Act.

Ladies and Gentlemen,

Over the past three decades, Mauritius has succeeded in building an international financial services sector of good repute with a diversified portfolio of financial products and services. With Fintech triggering a major transformation of the financial services sector, the jurisdiction finds itself in a unique position to leverage on its track record, as well as its solid reputation as a reliable and credible financial centre, to position itself as a Fintech hub.

It is with these objectives in mind that the FSC has, in recent years, embarked on a journey to constantly adapt its regulatory architecture to changing technologies and business models, and has introduced innovative Guidance Notes and legislative instruments to regulate business activities in the Fintech landscape.

Dear Audience,

Financial technology is itself in a state of rapid transformation and has now reached the realm of virtual assets. There are a good number of real life applications attracting investors worldwide. In the area of video games only, virtual asset is a 50 billion dollar industry. Let us take a look at this picture, courtesy of wax.io website. The cost of the jacket worn by the heroine is worth 500 US Dollars. The jacket does not make the player more powerful but rather trendy. But this is cheap as per trend. The record in a virtual asset transaction was a virtual planet sold at 6 million US Dollars. There is also a primary and a secondary market for virtual assets with real time online trading.

A virtual asset is indistinctly a novel concept. Many people don't understand what it is and among those who claim to understand it, a number of them only pretend to understand and therefore it is very important for the end consumers to be able to distinguish between the actual expert and the others. Given the high returns and the

value of transactions happening in the market, the virtual asset space is also a fertile playground for hackers, fraudsters, and unscrupulous people to lure potential investors towards this new goldmine.

It is therefore our duty, as regulator, to come up with a new financial literacy paradigm to educate consumers about virtual assets and to create an overall understanding and awareness about those assets so that investors are actually aware of the risks that they entail.

Ladies and gentlemen,

Virtual assets have also been recognized as a means for money laundering and has caught the attention of the FATF. I wish to inform that the FATF has already issued a guideline on the standards and methodology for regulators to adopt for the proper regulation of virtual assets. In this vein, the Commission working together with the parent Ministry and with the assistance of the World Bank and ESAAMLG came up with the Virtual Assets and Initial Token Offerings Act coupled with the applicable rules and guidance notes. With these legislative instruments, we have captured the majority of transactions and services being offered in the field of virtual assets, but for the time being. With the rapid change in technology, the FSC will remain attentive to any new activities and adapt its regulatory framework accordingly.

The purpose of this financial literacy campaign on virtual asset is threefold.

- First, to give a very strong message to the international standard setters, that activities if any, in this asset class are being carried out in a regulated and controlled environment. We are a jurisdiction of substance and of purpose and therefore, we have ensured that the endpoints that could potentially allow money laundering to

occur have been closed and that the customers would not be unnecessarily misled by unscrupulous service providers.

- The second message is towards the actual service providers informing them that they need a licence from the Commission to provide any such service in the Mauritian jurisdiction
- Lastly, investors should now be aware that they have to deal, for their own protection, with only those service providers who have been duly licensed.

Ladies and gentlemen,

Reaching out to the mass and laymen consumers in this particularly technical aspect was not an easy task. We have, before the preparation of this campaign, brainstormed a lot, to see the means through which we would reach the end customers and instil a culture of awareness about virtual assets. For that purpose, we have adopted a three pronged approach using electronic media, social media, and physical media. I wish to further stress that this is the start of a *financial literacy* campaign on virtual assets. The actual awareness on this topic started as soon as the Act was promulgated back in February 2022. Today, we are reaching the mass with targeted information through radio spots, TV spots, social media, billboards and posters.

Ladies and gentlemen,

Financial literacy is not a one-off exercise. It is continuous. We will ensure that we gather more information, collect feedback from this campaign and assess the need to improve and reach out to more people including those who would be mostly inclined to use such type of products such as the millennials or Generation Y. It is very important that people should not be lured exclusively towards the stated returns, thereby ignoring the associated risks of capital loss.

I am also proud, ladies and gentlemen, to inform that we have worked together with the Mauritius Police Force in this campaign. The reason is very simple. We have a duty to demonstrate that those who are not respecting the requirements of the law are being taken to task through appropriate enforcement actions. The FSC draws its powers of investigation from both the Financial Services Act and the Virtual Asset and Initial Token Offering Services Act. At the same time, the police can take criminal actions against those who are operating in this space without the adequate licence. I wish to inform you that, as of now, the Commission has

- issued 29 Letters to entities allegedly operating as Virtual Asset Service Providers;
- issued 8 directions;
- taken 2 statements from 2 complainants;
- considered 4 referrals from the Police;
- referred 8 persons to the Police; and
- started 9 special investigations.

I would like to put on record the unflinching support of the Mauritius Police Force in this endeavour. It is a demonstration of how law enforcement agencies are able to coordinate efforts and work for the betterment of this jurisdiction. I also wish to thank the support from the Financial Services Fund in this financial literacy campaign.

I am very hopeful that going forward, we will be able to build a jurisdiction of repute when it comes to the services in the domain of virtual assets while being in full compliance with the international standard setting bodies.

With these words ladies and gentlemen, I thank you for your attention.

Dhanesswurnath Thakoor
11 August 2022