

Financial Services Commission

Mauritius

Speech at IFSB Workshop

"Facilitating the Implementation of IFSB Standards"

By

Mr Marc Hein, Chairman, Financial Services Commission, Mauritius

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Board Members of the FSC

Mr. Abdelilah Belatik, Assistant Secretary General of the Islamic

Financial Services Board

Ms Ah-Hen, Chief Executive of the Financial Services Commission,

Mauritius

Distinguished Participants & Panelists

Ladies, Gentlemen & Friends

Let me first of all extend a warm welcome to all of you present this morning and I do hope that our foreign participants are enjoying the hospitality of Mauritius. It gives me a great honour to launch this workshop, the first event jointly organized by the Financial Services Commission, Mauritius and the Islamic Financial Services Board. I am pleased that Mauritius has been entrusted to host the workshop on *"Facilitating the Implementation of IFSB Standards"* for the region this year.

Such events provide an important platform for exchange of views on the opportunities for the development of Islamic finance and the financial services sector in the region. I trust that the sharing of knowledge and experience imparted is beneficial to the whole of our region.

I firmly believe that such events not only provide an important platform for key stakeholders to share together their experiences and ideas but at the same time shape our strategic thinking and vision for the development of the financial services industry.

The global financial and economic turmoil has shown that, without enhanced cooperation between governments and regulators, financial stability cannot be achieved. Indeed, the global recession that followed the financial market crisis has further triggered the need for governments and regulators to review their policies and practices.

Mauritius today has a population of approximately 1.3 million with an estimated GDP growth for 2012 at 3.6%¹. From a mono-crop economy, we have diversified into the textile industry, tourism, ICT and financial services.

Mauritius has made considerable progress in positioning the country as a jurisdiction of substance, based on a sound regulatory framework and international norms and best practices. Having said so, financial stability and growth, do not rest only on a strong legal framework or economic resilience. In addition, regulators must also ensure that diversification and constant innovation in financial markets are thoroughly understood and closely monitored. Such diversification today in Mauritius is vital for the development of the financial services

¹ Source: StatisticsMauritius

sector. And a key aspect of this development is transforming our jurisdiction as the financial services centre of reference for Africa. Mauritians are knowledgeable in both the English common law system and the French civil law system and it makes it easier for us to grasp the legal aspects of Islamic Finance.

Islamic finance today is an area which is growing and is gaining considerable interest as a viable and efficient alternative model of financial intermediation. Shariah-compliant assets represent an estimation of US \$ 300 billion in banking assets and approximately US \$ 400 billion in Capital Markets².

The internationalisation of Islamic finance is increasingly significant due to numerous institutions engaging in Islamic finance, the growing international participation in Islamic financial markets and the increased cross border flows that are *Shari'ah* compliant. The *sukuk* market in particular, is evolving into a thriving industry and is becoming an important avenue for international fund raising and investment activities, generating considerable cross-border flows.

²Source: *The International Islamic Financial Market - IIFM.net, January 2012*

According to The Banker's edition of November 2011, *the most significant industry trend to date has been the resurgence of the Islamic bond (sukuk) market. Funds raised through global sukuk issues stood at more than \$45bn in 2011. But sukuk issuance is still dominated by sovereigns from Asian and Gulf markets and remains concentrated in certain sectors.*

In spite of this, Islamic finance's full potential is still to be unlocked.

Africa's promising economic prospect makes it an attractive investment opportunity. It can certainly become a prime niche market for Islamic financial products.

Islamic Finance in Mauritius is slowly but surely paving its way in the local financial landscape. With the first licenses issued in 2011, the FSC has taken great care to ensure that the adequate regulatory framework is in place to foster development of the Islamic financial products in Mauritius.

With growing cross-border linkages of the region's financial systems, there are significant benefits to be gained, by all parties including regulators, private operators or investors, in improving the quality and consistency of standards in financial services sector. Our collaboration with the IFSB in regional capacity building, in this respect is crucial.

I am confident that this three days' workshop will contribute to finding optimal solutions to widen the scope for Islamic Capital Markets in the region.

I now have the pleasure to officially launch this workshop and its first session on “**Islamic Financial Services Perspective for Africa**”.

Thank You.