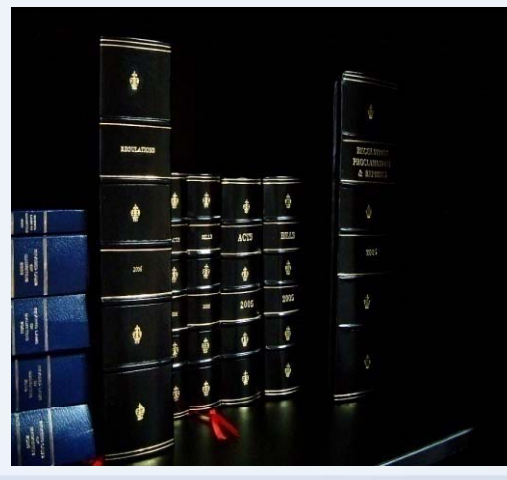
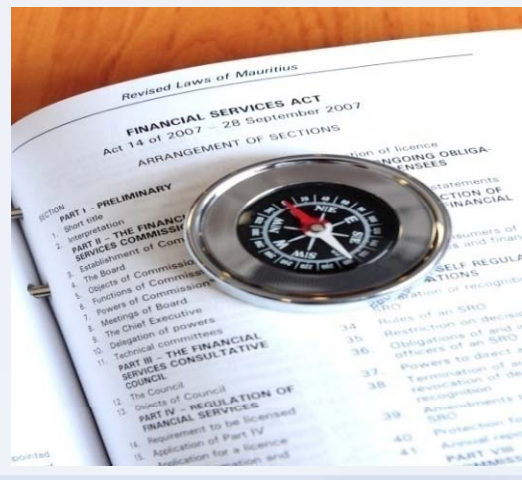
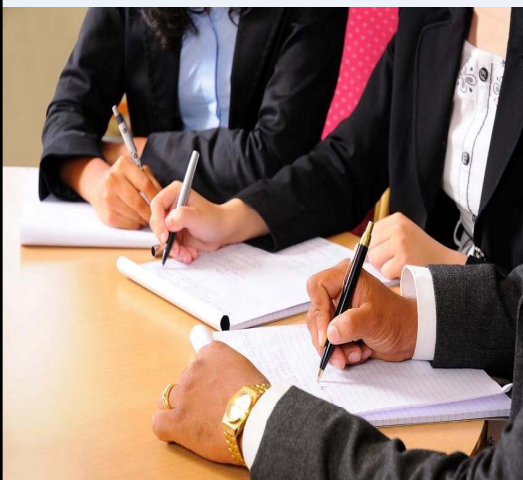




Driving Sustainable Business - Sustainability of our Offshore Sector

PRESENTED BY: Clairette Ah-Hen
Chief Executive, FSC
Date: 22 June 2012



AGENDA

1. Introduction
2. Landscape
3. Challenges
4. Survey
5. Opportunities
6. Conclusion

INTRODUCTION

- Sustainability of our Offshore Sector

- Financial, Social, Environmental risks and opportunities
- Resilience over time – can survive shocks
- Meet customer needs and be profitable
- How enterprises are innovating and adapting
- Employees achieve sustainable performance

Mauritius – IFC ?

Major Finance Centers



Global Financial Centres (GFCs)

- Serves clients from all over the world with provision of the widest possible array of IFS
- New York – US, London – EU, Singapore – Asia, Hong Kong

Regional IFCs

- Serve their region rather than their national economies
- Shanghai, Dubai

Ordinary IFCs

- Non Global – Non Regional
- Cater mainly to the needs of their national economies
- Paris, Frankfurt, Tokyo

Offshore FCs

- Primarily tax havens for wealth management and tax management with limited provision of IFS
- Switzerland, Other tax heavens

THE NEW MAURITIUS: THE WORLD AT YOUR SERVICE

JM Financial Group

3

Commonwealth Secretariat, 2008, “*Export of Professional Services: A Roadmap for Mauritius*”, p3

Ingredients for sustainability

- The Offshore Financial Sector is an important engine of national growth. For more sustainability, the sector must have the following:
 - Strong institutional structures and systems developed to support the Global Business Sector
 - A modern legal framework developed and constantly updated
 - International Marketing Strategies – Adopt marketing techniques to attract investors
 - Crackdown on illicit activities
 - Exchange of Information – MOUs, MMOUs

LANDSCAPE



A complex World

- In 1800 there were one billion people
- It took 130 years to add the second billion
- 30 years later the third billion was added
- It took 15 years to add the fourth billion
- 12 years later, the fifth billion was added
- 11 years later, there were six billion people

Mauritius in Key Rankings

Index	Global Rank (Mauritius)	Africa Rank (Mauritius)
Environmental Performance Index 2010	6 out of 163	1st
Heritage Foundation Index of Economic Freedom 2012	8 out of 184	1st
Forbes Survey of Best Countries for Business 2011	19 out of 134	1 st
World Bank Ease of Doing Business 2012	23 out of 183	1st
Democracy Index 2010	24 out of 167	1st
Knowledge Economy Index 2012	62 out of 146	1st
International Property Rights Index 2012	40 out of 130	3rd
Mo Ibrahim Index of African Governance 2011	N/A	1 st

Mauritius International Financial Centre



Competitive
Edge



Expertise in Global Business - Pool of Qualified Professionals



Sound Regulatory Framework and Diversified products



Ethics and Corporate Governance

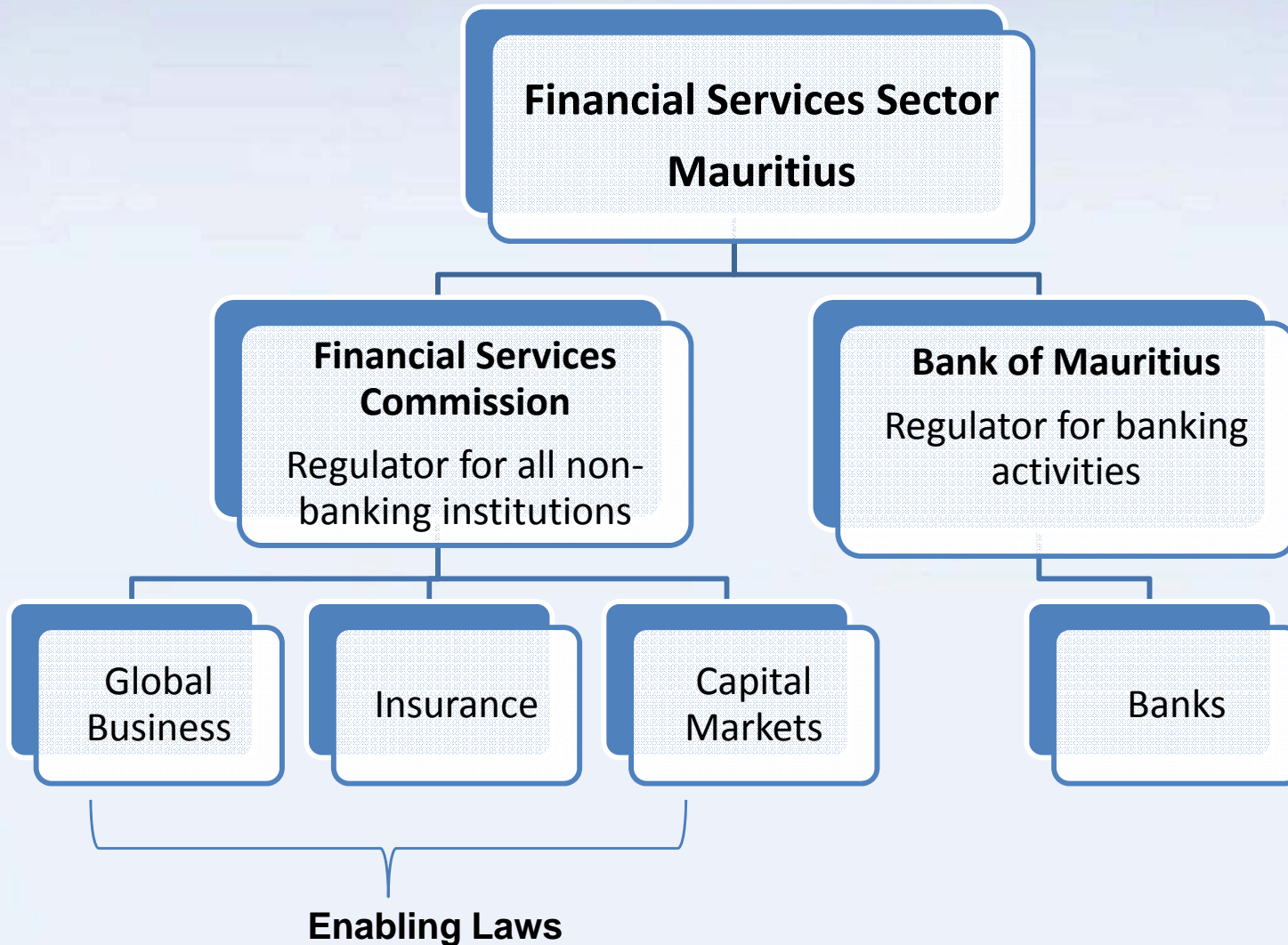


Competitive Operation Cost & Business Friendly Environment



Communication Network & High Internet Connectivity

Legal and Regulatory Framework



- Financial Services Act
- Securities Act
- Insurance Act
- Limited Partnership Act
- Foundation

Global Business – Legal Entities

Global
Business &
Legal Entities

Private and Public Companies

(Companies limited by shares, guarantee or both)

Limited Life Companies (LLCs)

Partnerships

Trusts

Protected Cell Companies (PCCs)

Foundations

Contribution to GDP of Financial Intermediation

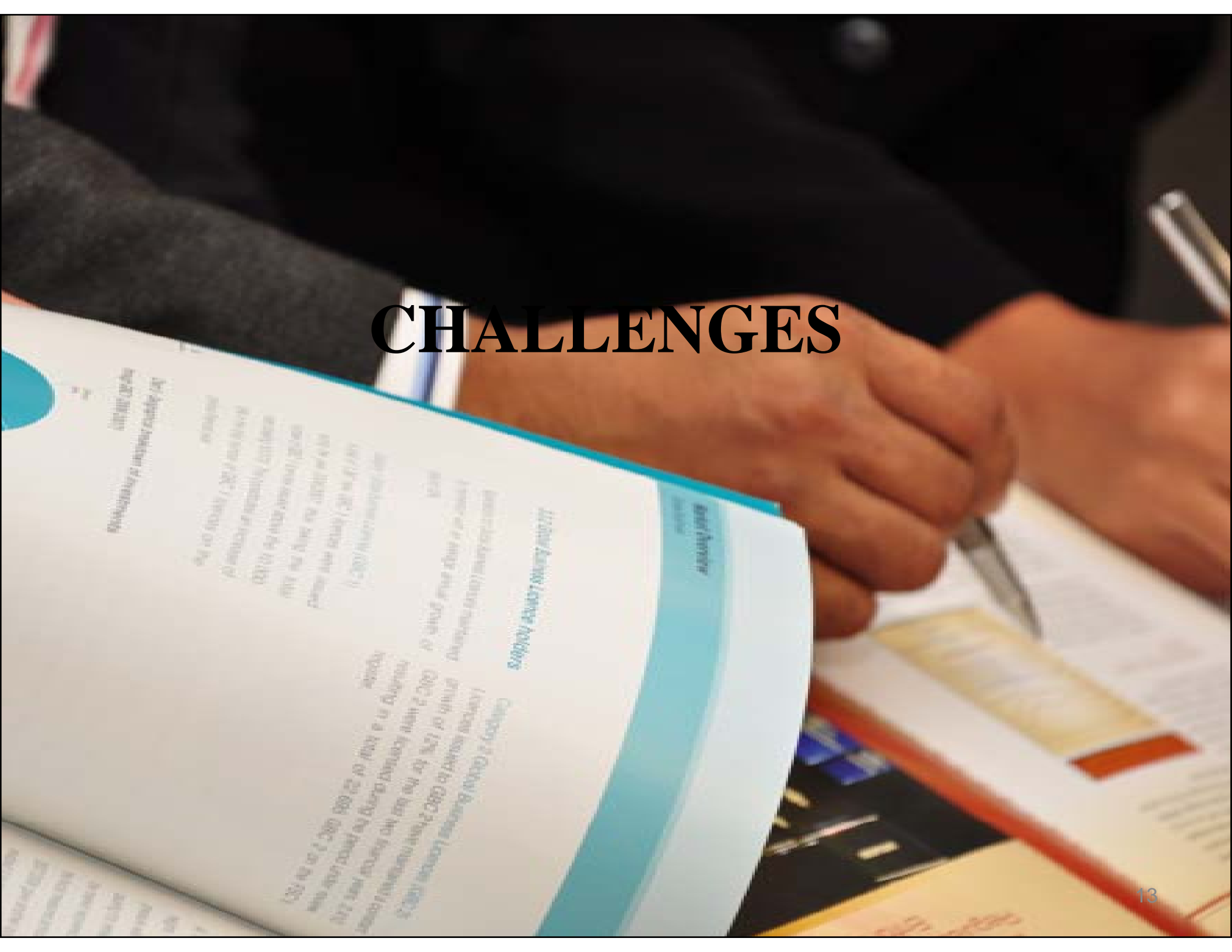
	2009	2010	2011	2012*
Financial Intermediation	10.4	10.0	10.1	10.2
<i>Insurance</i>	<i>2.9</i>	<i>2.9</i>	<i>3.0</i>	<i>3.1</i>
<i>Banks</i>	<i>6.1</i>	<i>5.7</i>	<i>5.7</i>	<i>5.7</i>
<i>Other</i>	<i>1.4</i>	<i>1.4</i>	<i>1.4</i>	<i>1.4</i>

*Forecast

Source: Statistics Mauritius – National Accounts March 2012



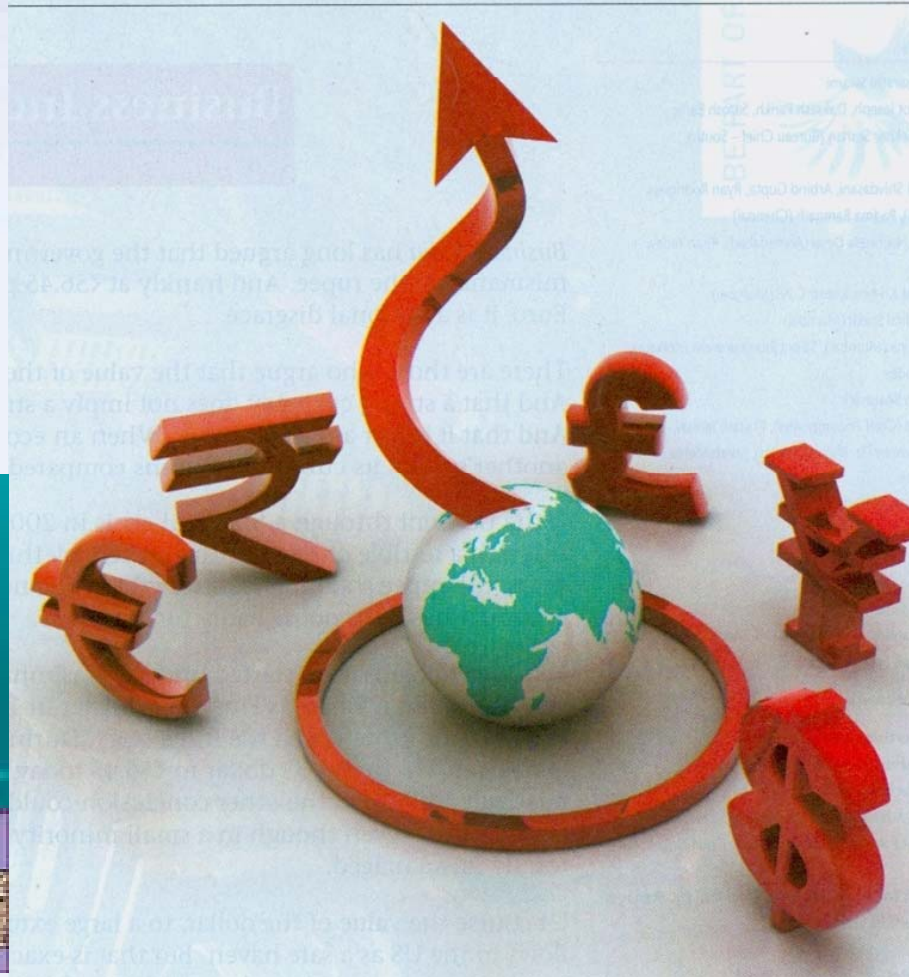
CHALLENGES



Double Tax Treaties

- Mauritius enjoys preferential ties
- Mauritius has built its financial sector on DTA's ?
- This is presently being impacted heavily by
 - The global downturn
 - Abuse of treaties by some companies and individuals
- India announced that it will apply the GAAR– General Anti Avoidance Rule - on investors who are abusing the DTA

Crisis India faces Economic and Currency “Mismanagement”



Business India, “The Rupee Muddle”, June 10, 2012, No 893, p2

Global Business 2012:India Challenge



Euro Area Crisis – threat to financial stability

Excessive fiscal tightening in rich nations





CHALLENGES

International

- International Standards Setters—IOSCO, IAIS, IOPS
- International Taxation Reforms
- OECD, G20 decisions, FSB (Financial Stability)
- Maintaining our Competitive Edge

Regional

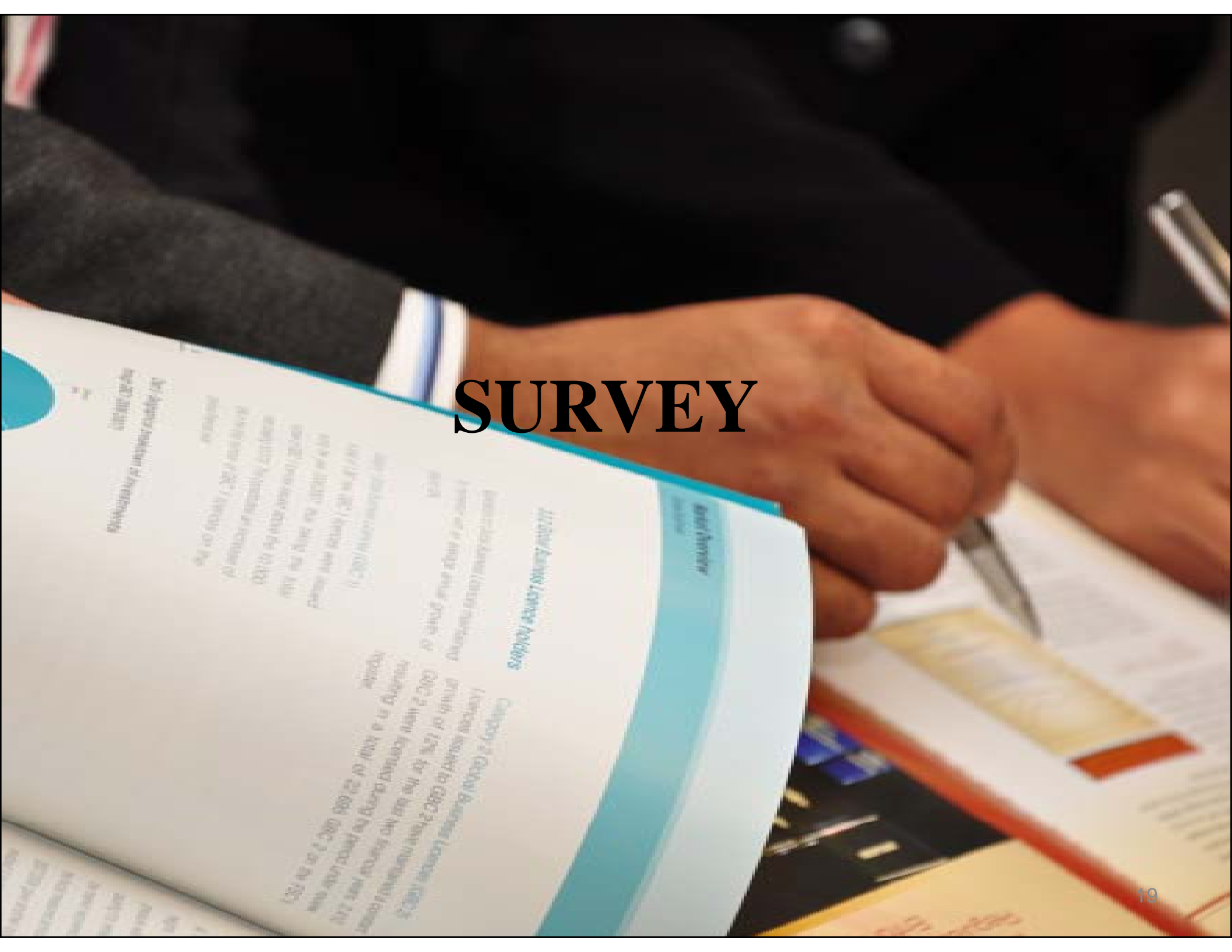
- Emerging IFC's (Competition)
- Competitive Products
- Specificities => SADC, COMESA >AU; COI >IOR
- Harmonisation of norms and standards

Within Mauritius

- Competencies => Expertise = Knowledge, skills
=> Respond to needs of market
- Market = Global Business => Substance
=> Local ; Inclusive
- Conduct = Confidence, Trust, Reliability



SURVEY





What we are seeing in the market space

Top Concerns for Audit Committees in 2011 (KPMG, ACI, May 2011)		Top CEO Priorities - US (Conference Board, Jan 2011)		Top CFO Business Challenges - Next 5 Years (KPMG, March 2011)		Top CIO Business Priorities (Gartner, Jan 2011)	
1	Risk management and crisis response	1	Business Growth	1	Human capital	1	Increasing enterprise growth
2	Financial communications/ disclosure & new accounting standards/ convergence	2	Government regulation	2	IT for financial processes and activities	2	Attracting and retaining new customers
3	Legal/ Regulatory Compliance	3	Innovation**	3	Business sustainability	3	Reducing enterprise costs
4	Uncertainty and government regulation	4	Talent	4	Globalization (inc suppliers, outsourcing)	4	Creating new products & services (innovation)
5	Leadership culture/ tone at the top	5	Cost optimization	5	Government restrictions, regulations, and reporting requirements	5	Improving business processes
6	IT/ emerging technologies (cloud computing)	6	International expansion	6	Shareholder activism	6	Implementing and updating business applications
7	Audit committee effectiveness	7	Customer relationships	7		7	Improving technical infrastructure
8	Globalization (off-shoring, supply chain)	8	Corporate brand and relationship	8		8	Improving enterprise efficiency

**CEO Innovation strategies include: (1) Apply new technologies (product, process, information, etc.); (2) foster entrepreneurship, innovation and appropriate risk taking; (3) Engage in strategic alliances with customers, suppliers/ business partners; (4) find ,engage and incentivize relevant talent; (5) change business model

Top 10 Risks

- Prolonged slowdown in global economies and increased cost pressures
- Failure to safeguard information and data
- Regulatory complexity, change and additional requirements of laws and regulations
- Political action or uncertainty in varied geographies
- Inability to retain, develop or attract key talent
- Unexpected natural or operational catastrophes
- High dependence on vendors and suppliers
- Unsuccessful integration of business combinations
- Inability to forecast customer demand for new products & services
- Inability to compete against the capacity, quality and price offered by competitors

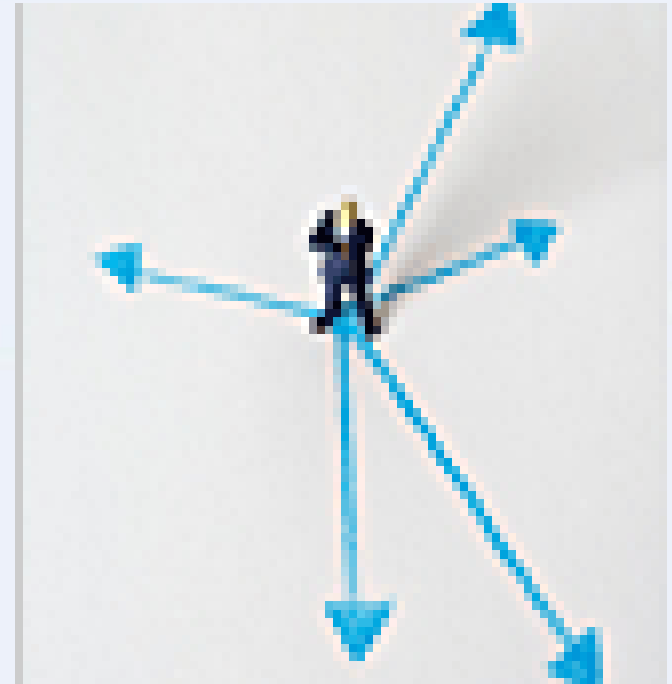
OPPORTUNITIES

Developing the global business

- Why attract international businesses of substance and financial services companies?
 - Employment
 - Economic development

How

- Enhancing transparency and the financial regulatory environment and regime
- Meeting international standards
- Improving investor and client confidence
- Competitive = efficient = creates value



Threats \Leftrightarrow Opportunities

- **Resilience over time**
- **Can Survive Shocks**
- **Flexibility and Diversification**
- **Substance**
- **Harmonisation of Rules**
- **Regulations**
- **Acknowledging and
Harnessing Our Strengths**



OPPORTUNITIES

- Competitive advantages of the regulatory regime

- Financial *regulation* (quality, quantity, probity, approach, reputation and cost) has to be world class.
- FSC
 - Risk based regulator = Internationally accepted supervisory tool
 - International memberships and recognition
- Business Friendly:-
 - ease and speed of registering and obtaining licenses
 - ease and speed of obtaining information and advice
 - Value-added Financial Services

OPPORTUNITIES - Insurance

- **Opportunities**

- The increased Asia (India and China) and Africa economic interaction created more opportunities
 - for the insurance of goods and the ships, despite the Indian Ocean piracy problems;
 - to be captured by insurance companies in Mauritius - whether globally owned multinational or regional insurance companies created for this segment or local companies working jointly with international ones.
- New products dealing with catastrophic risk, cyclone risk and weather (climate change).

- **Challenges**

- However, for this to work, tax advantages are not enough, there is a need for other operational reasons.
- We need to be able to provide expertise – like actuaries and risk analysts, either ‘local’ or ‘imported’

OPPORTUNITIES - Risk Management

- Mauritius has an Exchange dealing with Derivatives Trading (GBOT).
- This platform provides tremendous opportunities for diversification of risks since derivatives instruments – when used with all appropriate internal control and safeguards – may assist Corporates in managing currency, interest rate, duration, and country risk; as well as hedge against market movements in either direction.
- Still we have **few traders / corporate in** Mauritius.
- Our training institutions are not providing the valuable incubation site for innovating financial products one would expect to find in an IFC.

OPPORTUNITIES – For x Financial Engineering (Capital markets & investments):

- Mauritius lacks:
 1. a universe of investment banks with sufficient experience and credibility;
 2. a sufficiently large universe of private firms that engender M&A activity on a significant scale; and
 3. the necessary experience (and skills) to make high value activities viable,
- To make Africa-related activity sustainable, need to make strategic investments in developing a credible knowledge base and operating capacity across the continent.

OPPORTUNITIES

- Accounting & Business Support Services *Outsourcing*

- Need to establish a global reputation/clientele
- Significant constraints:
 - a limited ability to scale up operations quickly in terms of staff numbers
 - insufficient skills in the right areas resulting from a mismatch in human resources between what the educational system produces and the labour market demands;
 - high connectivity costs coupled with a lack of service reliability standards

OPPORTUNITIES

- Mauritius as an Outsourcing Gateway to Africa:

- Membership in a number of regional arrangements(e.g. COMESA, SADC, the Francophonie, the ACP states, the Commonwealth, the Indian Ocean Rim, AU, etc.).
- **How to convert that ‘notion’ into practical reality?**
 - Intra-regional investment and trade in Africa is miniscule.
 - Mauritius’ connectivity to Africa is probably worse than Nairobi and Johannesburg.
 - Dubai has better air and shipping connections to African capitals than Mauritius.
 - Asian and EU citizens may feel more comfortable culturally living in Mauritius !

CONCLUSION

CONCLUSION

- Sustainability of our Offshore Sector

Mauritius – Star and Key of the Indian Ocean ?

- STAR

- celestial body visible points of light
- One who is highly celebrated in a field or profession
- Outstanding or famous, especially in performing something

- KEY

- open a lock or door
- piece of information that controls the operation
- A guide, a tool



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