Financial Services Commission
Consumer Outreach Programme
2013

Information session for Senior Citizens Associations
–
SSR Recreational Centre Belle Mare

Belle Mare
25 November 2013
Financial Services Commission
Consumer Outreach Programme
2012
<table>
<thead>
<tr>
<th>Month</th>
<th>Events</th>
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</thead>
</table>
| January    | • CAB / Social Welfare Officers  
• Cooperative Union Ltd - North |
| February   | • Launch of Young Talent Competition (YTC)                             |
| March      | • Briefing Session YTC                                               |
| April      | • Senior Citizens Associations – Pointe Aux Sables                   |
| May        | • Mun. of Curepipe  
• NGOs & Consumer agencies  
• Arya Sabha Vacoas  
• Cooperative Union Ltd -South |
| June       | • Prize Giving - YTC  
• Ex Civil Servants - Club Flamboyant                                |
| August     | • Women Centre – Rose Belle                                          |
| October    | • NGOs - APEA/Act together                                            |
| November   | • Senior Citizens Associations - SSR Recreational Centre Belle Mare   |
The Financial Services Commission (FSC) – Who We Are?
The Financial Services Commission – Who We Are?

Who we are
Set up in 2001 as an integrated regulator for financial services other than banking and global business

What we do
• Protect
  - the integrity and stability of the non-bank financial services sector
  - the interest of investors and consumers
• Regulatory activities to ensure integrity and financial soundness of licensees
• Promote the development, fairness, efficiency and transparency of financial institutions and capital markets in Mauritius;
• Sustain development of the financial services sector

(Objectives – Section 6 FSA)

Vision
“To be an internationally recognised Financial Supervisor committed to the sustained development of Mauritius as a sound and competitive Financial Services Centre”
What sectors fall under the purview of the FSC?
The Financial Services Commission

What are the benefits of financial Services?

• Financial Services help us to use economic resources where they serve us best.
  – Financial Service companies help us to allocate resources as needed along economic cycles.
  – They contribute to economic growth

• Financial products provide protection to consumers

• Consumers must seek professional advice before subscribing / investing in any financial products/services
Buying Insurance – Things to Know.
## What is Insurance?

<table>
<thead>
<tr>
<th>Transferring risks of meeting financial difficulties when an unpredictable event happens</th>
<th>Insurance policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract between individual and insurance company</td>
<td></td>
</tr>
<tr>
<td>where in return for a premium</td>
<td></td>
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<tr>
<td>the company undertakes to provide specified benefits on occurrence of specified</td>
<td></td>
</tr>
<tr>
<td>events (Accidents, illness, death ....)</td>
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</tbody>
</table>
People opt for insurance because of unpredictable events of life.

Some types of insurance products are compulsory. (Ex Motor vehicle Insurance)

Other types of insurance are optional and you may consider different types of insurance at different stages in your life. (For example when you get married – Insure your house, belongings, health etc...)

Why buy insurance?
## Types of Insurance

<table>
<thead>
<tr>
<th>General Insurance</th>
<th>Long Term Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Accident &amp; health insurance policies</td>
<td>• Life Insurance policies</td>
</tr>
<tr>
<td>• Motor Insurance policies</td>
<td>• Pension policies</td>
</tr>
<tr>
<td>• Property insurance policies</td>
<td>• Linked Long Term Insurance</td>
</tr>
</tbody>
</table>

Financial Services Commission
How much does it cost to get an insurance cover?
Financial Services Commission

Depends on a number of factors:

- The type of insurance policy you wish to contract
- Your risk assessment
- Cost varies according to: Sum assured, duration of contract, health condition, age, past driving record etc.
What happens if I want to cancel my insurance policy?
What happens if I want to cancel my insurance policy?

- It can be cancelled by mutual agreement as insurance policy is a contract.
- You must inform the insurance company who will assess if you are entitled to a refund.
- You will not receive full amount as part of premium would have been used to cover period insured.
What happens when I face a problem regarding my insurance policy?
What happens when I face a problem regarding my insurance policy?

1. Contact my insurance company

2. Contact the FSC and follow the normal complaints procedure
Unregulated Schemes
Pyramid Scheme

Where is the money going?

From Those at the Bottom of pyramid

To Those at the top of pyramid

Where is the money coming from?
Pyramid Scheme

- Assume that fraudsters must recruit 3 new investors for each existing investor

- **Top of Pyramid:** Scheme starts with One Investor

- **Bottom of Pyramid:** Over 10 billion people
This was not investment.

Money is not earned from profit but rather transferred from one party to another.

- Returns – which are abnormally high - are paid to earlier investors, entirely out of money paid into the scheme by newer investors

- This is deceit ... taking from Paul to pay Peter
Beware of Wolves disguised as Sheep

• Always be accompanied by relatives/friends who have necessary knowledge when it comes to financial transactions.

• Be on your guard, even with people to whom you are very familiar.

• Appearance can be deceitful
All investments have risk
No one can guarantee the future....

Beware of promises
Always verify

- Earn 9% interest per month
- Invest with professional market leaders
- Earn money risk free!
If you heard or know about this, contact FSC, BOM or the Police.

This was an example of illegal, fraudulent activities.
Investments
- Things to know?
Is the Company authorised to raise money through:

a) Equity – **FSC**
b) Loan / Deposit - **BOM**
c) Private
What are Capital Markets?

Markets in which individuals/institutions trade (buy or sell) financial securities.

Ex. Shares on the Stock Exchange
Who can invest in Capital Markets?

- Any member of the public who has legal capacity (example - an individual over 18, a company etc...)
Capital Markets - Things to Know

Shareholder/Investor is entitled to monetary benefits:

- Dividends
- Bonus
- Rights Issue
- Capital Growth

*Provided the company
- makes profit and
- is solvent

Note you also have risks – such as company may fail
How to invest in Capital Markets?

• Enter a contract with a licensed investment dealer (formerly known as stockbroker) and settle the relevant fees.

• A *List of different categories of investment advisors available on the FSC website.*

• Open an account with the central depository and settlement system (CDS) to settle the trades.
Who are the parties to Capital Markets?

Market Intermediaries

- Investment dealers
- Investment advisors and intermediaries
- CIS Managers, CIS Administrators and/or custodians
How else can I invest?

• I can invest in Collective Investment Schemes (CIS).

• In a collective investment vehicle, I invest money alongside other investors in order to benefit from group advantages such as ability to
  • hire a professional investment manager
  • benefit from economies of scale - cost sharing among others
  • diversify more and so theoretically, reduce risk.

• Collective investment vehicles are often referred to as mutual funds, investment funds, managed funds, or simply funds.
Who regulates the Capital Markets sector?
Who regulates the Capital Markets sector?

The Financial Services Commission:

- Licenses, Regulates, Monitors and supervises all activities in the Capital Markets sector
- Promotes participation and improves protection of consumers
- Fosters fair, efficient, transparent and informed markets
What happens when you are not satisfied with the services provided?
What happens when you are not satisfied with the services provided?

- Complaints must be addressed to investment dealers, advisors, intermediaries, the Exchanges and then the FSC.

- FSC assists consumers in following the normal complaints procedure.
Importance of consumer education for Senior Citizens Associations

- Insurance of assets
- Take the right financial decisions
- Budget planning
Assistance of Senior Citizens Associations

Interface with consumers/public

Basic initial counselling on complaints procedure and budget planning

Streamline to appropriate authorities

Act as partners for disseminating information

Help in gathering field intelligence
Points to remember

1. Read the contract / documents thoroughly / Read small prints

2. Seek assistance from knowledgeable people (family member / professional)

3. Check whether entities are licensed /authorised by the Financial Services Commission (FSC) / Bank of Mauritius (BOM)

4. Remember that the rate of return of the investment is linked to its level of risk

5. Beware of appearances, when in doubt - don’t sign. Take your time
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