

'High street distribution' and innovation to boost financial services and promote investment culture

FSC Chief Executive, Mr. Milan J. N. Meetarbhan, says product innovation and new modes of distribution of financial services will help to promote an 'investment culture' in Mauritius, while contributing to increase the share of the services sector in GDP.

Mr. Milan Meetarbhan has inaugurated a new branch office of the Life Insurance Corporation of India and New India Assurance in Quatre Bornes on Wednesday, 6 December 2006. Both companies will operate separate life and non-life business from the same premises. One of the major provisions of the Insurance Act 2005 will require the separation of long-term business from general business.

The new Act, which will come into force shortly, will entail a number of changes. Mr. Meetarbhan invited the industry to consider these changes "more as opportunities, rather than challenges."

The insurance industry performed well in 2005. But, said the FSC Chief Executive, insurance companies will have to be innovative and tap these opportunities, namely by introducing new products and services, as well as new modes of distribution.

Banking institutions are showing increasing interest in the distribution of insurance products, and are establishing partnering strategies for the distribution of financial products via the banking networks. "These are innovations that we welcome," said Mr. Meetarbhan. However, this mode of distribution of financial services and products should not be limited to insurance, he added.

'High street distributors' can help to extend the distribution network and bring insurance and non-insurance products to the door steps of people in towns and villages, thereby promoting an investment culture nationwide.

Mr. Meetarbhan expressed the wish that the industry comes up with innovative products and services that will increase the share of financial services in the economy, which currently stands at 10% of GDP.

"Innovation will be important not only for the financial services sector but to the services sector as a whole," he outlined.

In fact, the financial services sector can be an "engine of growth" of the economy: "Mauritius wants to position itself as a regional services centre and I hope that the financial services sector will take the lead in this perspective," he concluded.

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