

GUIDE TO BANKING IN MAURITIUS

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PREFACE

This Guide is concerned primarily with providing general information of Mauritius' legal and regulatory environment in relation to the establishment of banks in Mauritius. Little or no reference has, therefore, been made to those provisions of the Banking Act 2004 which regulate the carrying on of business by banks in Mauritius.

All references in this Guide to "rupees" or "Rs" are to Mauritian rupees.

We recognise that this Guide will not completely answer detailed questions which clients and their advisers may have. If any such questions arise in relation to the contents, they may be addressed to any member of the team, using the [contact information](#) provided at the end of this Guide.

Appleby

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1. APPLICATION FOR A BANKING LICENCE

Any person seeking to engage in banking business or Islamic banking business in Mauritius must obtain a banking licence issued by the Central Bank of Mauritius (or otherwise known as the Bank of Mauritius) pursuant to the Banking Act 2004 (the **Act**).

The Act defines Banking Business as being:

- (a) (i) the business of accepting sums of money, in the form of deposits or other funds, whether or not such deposits or funds involve the issue of securities or other obligations howsoever described, withdrawable or repayable on demand or after a fixed period or after notice; and
 - (ii) the use of such deposits or funds, either in whole or in part, for –
 - (A) loans, advances or investments, on the own account and at the risk of the person carrying on such business;
 - (B) the business of acquiring, under an agreement with a person, an asset from a supplier for the purpose of letting out the asset to the person, subject to payment of instalments together with an option to retain ownership of the asset at the end of the contractual period;
 - (iii) paying and collecting cheques drawn by or paid in by customers and making other payment instruments available to customers; and
- (b) includes such services as are incidental and necessary to banking.

Islamic Banking Business is defined as being any financial business, the aims and operations of which are, in addition to the conventional good governance and risk management rules, in consonance with the ethos and value system of Islam.

2. THE APPLICATION

In accordance with the Act, any body corporate may apply to the Central Bank for a banking licence. The Act defines a 'body corporate' as an incorporated body, wherever incorporated, however any person incorporated outside of Mauritius must register with the Registrar of Companies before such an application may be made. For further details on the incorporation and registration of companies in Mauritius, please see the "Appleby Guide to Companies in Mauritius".

The application for a banking licence shall be made in the form and manner as the Central Bank may determine from time to time and shall be accompanied by the following documents:

- (a) a copy of the certificate of incorporation of the applicant;
- (b) in the case of a foreign company registered in Mauritius, a copy of the certificate of registration and a written confirmation from the banking supervisory authority in the applicant's country of incorporation that the supervisory authority has no objection to the applicant's proposal to carry on banking business in Mauritius;
- (c) a copy of the constitution of the applicant;
- (d) a certified list of the full names and address of the directors, beneficial owners, chief executive officer and other senior officers of the applicant and a list of its shareholders owning 10% or more of its shares;
- (e) a copy of the financial statements of the applicant, as of a date within 60 days preceding the date of application;

- (f) a business plan giving the nature of the planned business, organisational structure and internal control, projected financial statements including cash flow statements for each of the next three financial years;
- (g) in respect of the directors, chief executive officer, other senior officers and shareholders holding a significant interest, of the applicant, an identification and a certificate of good conduct, in such form as may be specified by the central bank, from a competent authority or an affidavit duly sworn stating any convictions for crimes and any past or present involvement in a managerial function in a body corporate subject to insolvency proceedings or having declared personal bankruptcy;
- (h) payment of the appropriate non-refundable processing fee as may be determined by the central bank by regulations made by the central bank, with the approval of the Minister; and
- (i) such other information or document as the central bank may specify in the form of application.

If the application is not complete, the Central Bank shall notify the applicant within thirty (30) days of receipt of the application of any outstanding documentation. The Central Bank may also request supplementary information in connection with the application if it deems such supplementary information to be necessary to determine the application.

3. DETERMINATION OF THE APPLICATION

Once a completed application is received, the Central Bank has a period of sixty (60) working days to determine such application or to call for supplementary information.

The Act sets out the conditions that must be satisfied in order for the Central Bank to grant a banking licence. The applicant must demonstrate:

- (a) the directors or senior officers have sufficient knowledge and experience in banking or finance and are fit and proper persons to carry on the proposed banking business;
- (b) the applicant has an adequate capital structure and access to sufficient financial resources as financial support for the proposed bank;
- (c) a sound and feasible business plan;
- (d) the ability and willingness to comply with such other conditions as the Central Bank may impose.

Other factors which the Central Bank must also take into account are the history and character of the business and management of the applicant, the needs of the market at the time of the application and the fitness and suitability of the applicant's significant shareholders.

The Central Bank, following its determination of an application may grant or refuse the application. Where the Central Bank grants a banking licence, it shall notify the applicant in writing within seven days of its decision or refuse to grant such a licence. Upon payment of the annual licence fee, the Central Bank shall issue the banking licence to the applicant.

In the case of banks established in other jurisdictions applying for a banking licence to operate a branch in Mauritius, the foreign bank will be required to demonstrate that it is a well established bank of good repute in its home jurisdiction and internationally, and that it will be under continued and consolidated supervision by a competent foreign regulatory authority.

4. CONDITIONS OF THE BANKING LICENCE

If an application is successful, a banking licence will be granted pursuant to the Act and it shall specify the name of the licensee, the place(s) at which it may conduct business and any specific conditions the Central Bank may impose.

The Act specifies that each bank shall only carry on banking business from the place of business specified in the banking licence unless prior approval of the Central Bank has been obtained. The prior approval of the Central Bank must also be obtained for any change in the bank's location. Each banking licence will specify the business which the licensee may conduct, and approval must be obtained before conducting any other business.

The Act also confers on the Central Bank the power to amend, or vary a banking licence, and to vary any conditions thereof. This power extends to the imposing of further conditions. When the Central Bank proposes any such amendment or variation, it must notify the licensee in writing and the licensee shall have seven (7) days to submit written representations to the Central Bank in connection therewith. A final decision, after consideration of any representations, will be delivered in writing within seven (7) days.

5. **DISPLAY OF BANKING LICENCE**

The Act requires that every bank shall at all times display the Banking Licence in a conspicuous place in the public part of its principal place of business. An authenticated copy of the licence shall also be displayed in each branch or office of the bank.

6. **REVOCATION OF BANKING LICENCE**

Once a banking licence has been issued, the licensee has twelve (12) months to commence business or risk having the licence revoked by the Central Bank. The Act sets out a number of circumstances in which the Central Bank shall have the power to revoke a banking licence including, but not limited to, failure to comply with directions from the Central Bank, failure to meet solvency requirements, and entering into any winding up proceedings. In each case, the licensee will have an opportunity to make representations to the Central Bank before a final decision is made.

In keeping with Mauritius' commitment to strict anti-money laundering regulations, any licensee convicted of an offence related to money-laundering or financing of terrorism or other illegal activities, whether in Mauritius or in another jurisdiction, may have its banking licence revoked. A banking licence may also be revoked in Mauritius if an affiliate or subsidiary of the licensee has been convicted of such an offence, whether in Mauritius or elsewhere.

In the case of international banks with branches registered and licensed in Mauritius, if it no longer possesses a valid banking licence in the jurisdiction of the head office, the Central Bank may revoke the banking licence for the Mauritius Branch.

7. **LICENSING AND PROCESSING FEES**

The application fee for a banking licence under the Act, the processing fee and annual licence fee is set out in Part I of the Schedule of the Banking (Processing and Licence Fees) Regulations 2007. In respect of a Banking Licence, there is a fixed application fee of six hundred-thousand (600,000) rupees and a processing fee of ninety thousand (90,000) rupees (for a total fee of approximately USD23,000). The fixed fee in respect of the principal place of business is Rs1,000,000 and the fee for every other place of business is Rs50,000.

For more specific advice on banking in Mauritius, we invite you to contact one of the following:

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For the convenience of clients in other time zones, a list of contacts available in each of our jurisdictions may be found [here](#).