

Financial Services Commission  
Mauritius

# IOPS Technical Committee – Dublin 2018

## Digitalisation in the Private Pensions Sector

22 February 2018

# Government Vision 2030

- Develop Mauritius into a vibrant and sophisticated International Financial Services Centre.
- Develop Capital markets to attract world class liquidity providers, international brokers, investment banks & fund managers.
- Focus on high end activities like software, FinTech, big data analytics, Blockchain, cloud computing, amongst others.

## Regional strategy:

- Position Mauritius as the regional platform for trade, investment and services to do business in the African region.
- To encourage business opportunities in Africa as a potent way of expanding the economic space; and the setting up of Special Economic Zones to accommodate investment and operations especially in Ghana, Madagascar, Senegal, Gabon and Ivory Coast.
- Signed MOU's with several countries in Africa for the development of Special Economic Zones including Ghana, Senegal and Madagascar.

# New Strategic Impulse

- The financial services sector is today one of the key pillars of the Mauritian economy, contributing to 12% of GDP.
- The current vision of the Government for the economy - a 10-year **Blueprint** for the development of the financial services sector.
- To achieve the new strategic vision of developing Mauritius into a vibrant and sophisticated International Financial Services Centre of substance which will serve as a strong signal to international investors.
- To focus on our strategic location and improve our offering to continue to be the preferred platform for investors in the region.
- There is discussion with traditional partners e.g. SADC on easing the portability of pension benefits among SADC member states.

# FinTech and Regulations

- Disruptive innovations (blockchain, digital identity, FinTech, etc) are also reshaping the way financial services are structured, delivered and consumed.
- FinTech is seen as a driver for the expansion of the financial sector.
- 2017-2018 budgetary measure: The creation of a regional FinTech association, where the country will draw on the guidance and expertise of foreign innovators and entrepreneurs.
- In December 2017, the Board of the FSC has approved the setting up of a FinTech and Innovation Driven Financial Services Regulatory Committee to assist in paving the way for appropriate regulatory frameworks to encourage and support the development of FinTech in Mauritius.
- On 9<sup>th</sup> February 2018, the FinTech and Innovation Driven Financial Services Regulatory Committee held its first meeting at the seat of the FSC.

# FinTech and Regulations (cont.)

## Objectives of the Committee:

- Position Mauritius as a regional hub of sound repute in the field of FinTech Regulations.
- Build an open and transparent regulatory regime for FinTech in Mauritius which encourages innovation.
- Exchange information with other recognised regulatory authorities to contain any kind of illegitimate activities.
- Keep cognisance of the best technological innovations and ensure that Mauritius is at pace with the latest technological advancements in the FinTech ecosystem.
- In regulating blockchain-related activities, take into account the use of latest technology that will prevent hacking and other kind of frauds.
- Recognise the potential benefits of blockchain technology on the economy and society, and encourage its development.
- Consider incentives to attract FinTech activities to Mauritius.
- Reflect on the possibility of establishing a sovereign fund in Mauritius to provide seed capital for the development of FinTech activities in the region.

# Regulatory Sandbox Licence

- The Government of Mauritius launched the RSL on 20 October 2016.
- This is as a result of the Government's vision to promote creativity and innovations through the application of technology.
- Blockchain ([distributed ledger technology](#)), Digital Currency, Online Health care and FinTech are some of the innovation-driven activities that can be tapped into.
- RSL offers the possibility for a person to conduct a business activity for which there are no adequate provisions under any enactment. It is issued to eligible companies willing to invest in innovative projects.
- As of date, 5 RSLs have been issued.

# Adapting our Regulatory Frameworks

Legal Framework	Amendments/ New publications (2017)
<b>Securities Act</b>	The FSC issued rules under the Securities Act cited as the Securities (Preferential Offer) Rules 2017 pertaining to private placements, offer made to sophisticated investors or to related corporations, which are not applicable to Collective Investment Schemes and closed-end funds.
<b>Financial Services Act</b>	The announcement made in the Budget Speech 2017/18 mandates the Financial Services Commission to set the rules for regulating the FinTech activities. In this respect, the FSC has on 10 November 2017 issued the draft Financial Services (Peer to Peer Lending) Rules 2017 (the 'P2P Rules') for consultation in line with its inclusive and transparent rule-making processes. Industry comments, submitted to the FSC, are currently being analysed and considered for any necessary amendments to the draft Rules.

## Centralised KYC:

- The FSC and the Bank of Mauritius are working to set-up a centralised KYC platform as a repository and main administrator for KYC related matters.

- Some pension business operators are currently looking into developing mobile applications to enable members to have access to pertinent information relating to their pension contributions and benefits.
- Services/ facilities that shall be made available, 24/ 7, are:
  - View member profile & membership details
  - View fund balance
  - View fund factsheet
  - View Accumulated fund value & investment allocation (DC schemes)
  - Switching options (DC schemes)
  - Calculate projected retirement benefits
  - Calculate withdrawal benefits
- Some pension schemes and pensions providers (e.g. long term insurance companies) have their own websites whereby each member has a personal login access. These websites provide the members access to information on their total pension contributions, investment performance of the pension funds and total value of financial assets of the pension funds. E-statements are also issued to the members.





# Innovative Technologies- Private Pensions (cont.)



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- In respect of simplifying administrative procedures and thereby reducing administrative costs, pension providers use Pension Administration software and Payroll Systems as well as Document Management Systems for main administrative tasks:
  - Membership maintenance
  - Loading and allocation of contributions
  - Computation of benefits
  - Pension benefits payment
  - Store, manage and track electronic documents
- Some pension providers are considering the implementation of:
  - Customer Portals
  - Online platforms for transacting in mutual funds/ CISs
  - Web-based investment/ portfolio analysis platform

## Primary objectives:

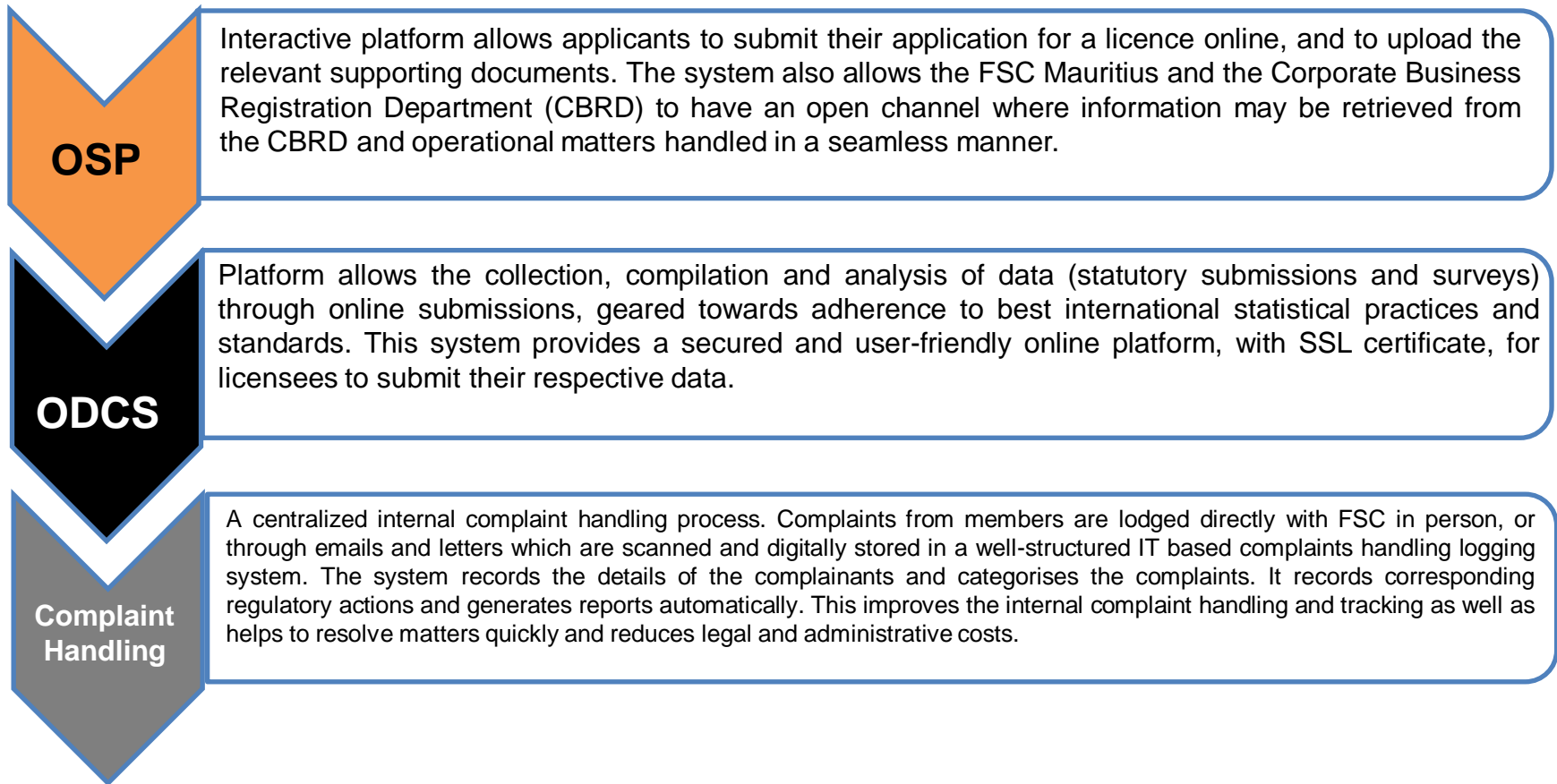
- To offer to clients (sponsoring employers) a rapid and efficient tool for the processing of the monthly pensions data, contributions and payment of same via a reliable and robust network.
- Streamline the internal procedures for pension processing at both the clients side and at the level of the administrator's pensions department.
- Improve pension data processing time and ultimately the quality of service.
- Data submitted will be directly received and integrated into administrator's in-house pension system, thereby preserving the confidentiality nature of the data submitted.
- Data will be submitted in a standard format, with more accuracy.



# Potential benefits/ risks

- Use of innovative technology increases competition amongst pension providers thereby providing members with smarter choices and solutions.
- Enhanced communication, transparency and disclosure.
- Lower the administrative/ operating costs of pension providers.
- Data security and privacy risks become a matter of concern.
- Requirement for cyber-risk management frameworks owing to increase of cybercrimes.
- Mobile internet usage on the increase. False sense of security by mobile phone users.
- Mobile phones and PCs of members are not restricted to the management of pensions. These devices may get hacked as a result of a member's visit to/ use of a suspicious application/ website.





**THANK YOU FOR YOUR KIND ATTENTION**

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