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Mauritius has often been likened to Singapore when it comes to the comparison of economic miracles. Both tiny nations shook off post-colonial sluggishness to embrace the world with hard work and technology. The only difference was, the wags said, that Singapore had the oil and Mauritius the sugar.

Maybe, in the future, Singapore will more often be compared to Mauritius as an example of a small economy that pulled itself up by its bootstraps.

We show you why, as the number one economy in which to do business in Africa, Mauritius is an investment opportunity not to be missed.

Enjoy our Smart Mauritius supplement!

- Chris Bishop, Managing Editor, Forbes Africa
Don’t be fooled: life on the breezy island of Mauritius isn’t all about sipping cocktails on the beach.

BY MARIE SHABAYA

Mauritius, an island nation off the south-east coast of Africa with just over a million inhabitants, is the jewel of the Indian Ocean. Previously regarded as a country on the periphery of the world stage, one that was invented by colonisation and peopled by slavery, it has sloughed away this past to become one of Africa’s model economies. Today, the country enjoys one of the highest per capita incomes on the continent, political stability, strong institutional frameworks as well as relatively low levels of corruption. However, it has been a long journey to prosperity and the country continues to confront the contradictions of its creation.

In 1992, the modern republic was born after a constitution was introduced 24 years after the end of British colonial rule. It is a union of islands, including the main island of Mauritius and surrounding islands; Rodrigues, Agalega, St. Brandon, the Chagos Archipelago, home of the controversial Diego Garcia US military base, as well as Tromelin, which is jointly administered with France due to an ongoing territorial dispute. At the beginning of self-rule in 1968, the island’s economic outlook was bleak, at best.

“It is going to be a great achievement if [the country] can find productive employment for its population without a serious reduction in the existing standard of living … [The] outlook for peaceful development is weak,” noted Nobel Prize-winning economist, James Meade, in 1961.

Meade, who was part of a delegation studying the island’s population structure and growth, left with some dismal predictions for its economic future. He concluded after his visit, a year after the destructive Cyclone Carol that hit the country, vulnerable to changing weather patterns and global price shocks, Mauritius would never successfully achieve economic diversification and industrial development due an incurable reliance on the sugar industry.

He wasn’t the last of the naysayers. In 1972, a disgruntled V.S. Naipaul, who later won the Nobel Prize for Literature, travelled through the island on his way to India. In his unforgiving critique of Mauritius, published in the Sunday Times of London, Naipaul labelled the island ‘an abandoned imperial barracoon, incapable of economic or cultural autonomy’. The fortunes of the islanders then were apparently so grim that they were ‘obsessed with the idea of escape’.

However, the recent history of the island runs contrary to these prophesies of doom. As another Nobel Prize winner in Economics, Joseph Stiglitz, noted in 2011, they have made a ‘big success of a small economy’. While the sugar industry continues to dominate the nation’s economy, diversification has occurred. The Mauritian economy has cashed in on its natural splendor to become one of the world’s top luxury tourism destinations. In 2017, the island was ranked second in the regional Global Travel & Tourism Competitiveness Index, an annual report by the World Economic Forum, and has never slipped from the top half of the rankings since its inception. The country has also established itself as a key financial hub for the region, linking African investors with those in India and
China. Additionally, there is a thriving textile sector with domestic factories producing items for European high street brands such as H&M and Hugo Boss. There are further plans to create a wider service economy through technological and educational enterprises as part of the government’s Vision 2030.

As a result of this change in fortunes, the Mauritian government has been able to provide its population with a wide range of social services, some of which are fiscally impossible in other parts of the world. Education, through to university, is free. Healthcare is also heavily subsidized, with traditionally expensive procedures, like heart surgery, free to all citizens. Homeownership on the island is also high, around 87% of Mauritians own their own home thanks to government support. When this experiment was attempted in the US in the late 2000s, it led to a global financial crisis.

This has been possible due to a concerted policy to re-invest national wealth in the people. The island’s gross GDP has grown, on average, by 5% annually since the 1970s, aligned with the appreciation that the country’s people, outside of the sugar industry, were its only permanent natural resource. Mauritius, an ethnically diverse nation, faced some difficult racially charged disturbances in the 1960s during the Bagarre Raciale between the Muslim and Creole communities in 1968, which lasted over a month, and the race riots of 1968, between the Hindu and Creole communities, which led to a mass emigration to Australia. Universal education became a crucial equaliser and resulted in social unity where one community was no longer more privileged than another, in those terms, leading to a single national identity.

However, the archipelago’s progress has not been without compromise.

“It is a country invented by colonisation. Perhaps this fact makes for extremes, in that there is not the moderating influence of a millennial history,” claims South African-born Mauritian writer, Lindsey Collen.

Considerable economic disparity between communities remains. A social hierarchy formed during the country’s colonial past continues to prevail despite policy efforts. The Creole community, a minority descended from slaves from the African mainland and Madagascar, remain mostly economically and politically inert. The majority Hindu community, which has been the most politically active, form a large part of the current ruling party and, after the small Franco-Mauritian community, supply the main captains of industry. However, potential tensions have been kept at bay due to a tradition of open democracy with a vibrant opposition, an engaged civil society, and lively trade unions.

Today, Mauritius has proved its historical critics wrong and fashioned itself as a paragon for not only the African continent but the world to follow. It has created a modern economic miracle within its borders despite being a middle income country and has even greater ambitions in the decades to come.
Although a staggering 2,786 kilometres from the mainland, the farthest point east on the continent, Mauritius has aligned itself fervently with Africa since its independence in 1968. Crucial trade deals with the continent have allowed the island-nation to transition from an ailing monocrop economy in the 1970s to the model upper middle-income country it is today.

As a result of early pro-Africa diplomacy, Mauritius began reaping the benefits of the Sugar Protocol in 1975. This set of trade agreements guaranteed a fixed price for sugar, much higher than global rates, with the European Community for all members of African Caribbean Pacific (ACP) bloc. Around 85% of the island’s arable land was dedicated to sugar production and the industry accounted for the highest quota of ACP exports.

However, in 2005, reforms in the EU led to a price slash and eventually the protocol was abandoned, setting the island-nation to transition from an ailing sugar industry into freefall. The only feasible recovery plan for the national economy was diversification, both in production and in trading partners. Hence, the Mauritius-Africa Strategy instituted in the late 2000s under the country’s ambitious Vision 2030.

The strategy is two-pronged; to take Mauritius to Africa and to bring Africa to Mauritius in business and policy. Mauritian firms, seeking larger markets abroad, are encouraged to expand into the mainland. There are around 117 Mauritian firms operating in 24 countries across the continent supported, in part, by the Mauritius Africa Fund rolled out by the country’s Board of Investment (BOI). The fund is vested in driving domestic investment into Africa, as well as setting up Special Economic Zones (SEZs) across the continent, the first of which was announced in Senegal earlier this year.

With Mauritian business flowing out, mainland investment is also flowing in. Over the last five years, the BOI has been promoting the island as a viable destination for African investors. Capitalising on not just their proximity to Asia and economic competitiveness, the island has let down most bureaucratic barriers for incoming businesses. Mauritius imposes a relatively miniscule, and harmonised, tax rate of 15%, as well as zero tax on inheritance or capital gains and no withholding tax on the payment of dividends.

Riding The Wave

The small island nation of Mauritius has grown to be an economic powerhouse in its own right. We look at how it all began and where to next.

BY MARIE SHABAYA
There are also no exchange controls on overseas capital. In addition to a favourable tax environment, regulations around setting up and running firms on the island are quite permissive. As a result, the island enjoys the top spot on this year's regional Ease of Doing Business Index, published annually by the World Bank.

These policies, aside from strengthening Mauritius-Africa relations, are looking to realise the island's latest ambition to become an investment gateway into Africa. The island, which has traditionally facilitated capital movement eastwards to India and China, is hoping to reverse this trend by building an African staging post for Asian investors. With its stable regulatory environment and large offshore financial sector, this is already a keen reality. The Bank of China, one of the largest financial institutions in Asia, set up shop on the island last year, establishing it as a renminbi clearing centre for the region and with a focus on corporate banking looks to facilitate Chinese business on the continent.

In June, the Mauritian Prime Minister, Pravind Jugnauth, announced the 2017/18 national budget, which made further economic concessions to attract global business. This included the formation of an Economic Development Board (EDB) dedicated to domestic investment and export promotion. The Stock Exchange of Mauritius will also play a role in transforming the local debt market and setting up an international capital market to attract governments and companies from Africa to issue multi-currency bonds in Mauritius.

Overall, the recent policy decisions taken in Mauritius help shape a new economic reality for the country. Key partnerships with African governments and investors have played a critical role in helping transitioning the country away from a historical dependency on the sugar industry. In turn, the island is returning the favour, funnelling new Asian investments back to the mainland, ushering perhaps a new era in intracontinental cooperation.

The first step was the acquisition of Apex Africa, one of the leading brokerage houses on the Nairobi Securities Exchange. AXYS also then acquired a stake in Cogito Capital, a fund manager specialising in African growth sectors, and then successfully launched the Four Oaks Credit Fund, a credit fund operating in sub-Saharan Africa.

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BANKING ON AN ISLAND DREAM

The Mauritian economy, supported by a thriving banking and finance sector, operates like a well-oiled machine. Forbes Africa delves deeper into what powers this behemoth.

"INVESTORS CHOOSE MAURITIUS AS A FAVOURABLE HOLDING COMPANY JURISDICTION FOR COMMERCIAL REASONS, INCLUDING THE HIGH QUALITY OF SERVICE, THE LEGAL AND REGULATORY FRAMEWORKS AND EXCELLENT REPUTATION OF THE JURISDICTION."

- Vikrant Bhalerao, Head, Wealth and Investment at Standard Bank, Mauritius
From a monocrop colony to a bustling, diversified services economy that has grown to define itself as Africa’s number one country in which to do business, Mauritius has not missed a beat in maintaining its top position.

Fortunate geographical positioning between Africa and Asia, robust legislation based on English and French law and an investment climate that is favourable for business and trade, both locally and internationally, has meant that, over the years, industries across Mauritius have flourished.

“The Mauritian success story is also largely attributable to the government’s ability to work hand-in-hand with the private sector since the early 1970s and setting the grounds of what has been called an economic miracle. We have also been able to rely on a highly skilled workforce and competitive tax system,” says Michel Guy Rivalland, Group CEO for AXYS Group and United Investments Ltd (UIL).

Non-existent foreign exchange controls and a tax regime with no capital gains tax or withholding tax has allowed for the free movement of capital – conditions that bode very well in particular for attracting foreign direct investment. And Mauritian banks play a key role here in facilitating business transactions and protecting precious capital.

Mauritius currently has double taxation avoidance agreements in place with 43 countries and has attracted interest from major multinationals, fund and wealth managers and high-net-worth individuals. This has also lent itself to the way in which the banking and finance industry has developed.

“Within the financial services sector, specifically banking, the knowledge and experience of the local professionals is adequate. However, as the financial services sector expands to other areas, particularly non-banking financial services and more sophisticated specialist areas, these are generally supported and led by a growing expatriate population who come with excellent credentials. These professionals have experience with global financial services offerings, from the more developed financial markets. This interaction enables knowledge sharing with the local professionals,” explains Vikrant Bhalerao, Head of Wealth and Investment at Standard Bank in Mauritius.

While banks are focused on strict adherence to risk management and corporate governance principles, a key objective for the island nation has been the establishment of Mauritius as an international financial services centre of excellence. To this end, in 2016, the Mauritius International Financial Centre (IFC) was officially launched to ensure transparency and best international practices that continue to build on the existing successes of the industry. The rollout of this vision, however, is not without its challenges.

“It is being confronted by a fast-paced and highly competitive operating environment, notably given the evermore prominent nature of global compliance and fiscal standards,” says Alain Law Min, CEO of the Mauritius Commercial Bank (MCB).

“Conscientious moves are, thus, deemed necessary to underpin the underlying growth path and international strategic positioning of the financial services industry, with emphasis to be especially laid on initiatives that foster the broadening and widening of markets, the deepening of the non-fiscal attractiveness of the jurisdiction’s attributes – in broad alignment with strategic orientations taken by reputable IFCs,” he says.
SINK OR SWIM
Banking in Mauritius and the legislation governing it has had to keep evolving to not only meet the needs of its client base but also, as an IFC, ensure that institutions follow international standards and practices.

“With regards to the banking industry, players are increasingly active in providing a wide range of tailored and innovative solutions to help in boosting trade and investment activities across several countries. The onus is now on banking operators to further widen their activities on the continent, supported by improved market knowledge, a refined value proposition and improved capabilities, which will then assist in forging the image of Mauritius as a prominent regional banking hub,” says Law Min.

As the country’s central bank, the Bank of Mauritius performs a crucial function in setting out the guidelines that ensure that banks in Mauritius can withstand exogenous shocks, both at a micro and macro level. No-one was immune to the 2007-08 global financial crisis and banks are currently being subjected to rigorous stress testing to ensure they are able to weather the storm; banks are required to complete an internal capital adequacy assessment at least once a year that will evaluate all significant risks. This will be particularly important when the new, tighter global reporting standards, known as the IFRS 9, come into play in 2018.

“The Bank is currently assessing and responding to the implications and challenges of IFRS 9 in view of its future implementation,” notes Law Min.

Mauritius also follows the Core Principles for Effective Banking Supervision issued by the Basel Committee and has amended its banking legislation in accordance with these guidelines – last year, legislation was revised to ensure the consolidated supervision of banks and provide a more effective framework for cross-border supervision.

To further safeguard banks from any potential hazards, the Bank of Mauritius is expected to release liquidity guidelines later this year.

BANKING IN THE DIGITAL AGE
In keeping up with modern times, banks have had to ramp up the technology used across their products and services.

“SBM is progressing towards enhanced digitalisation with a new IT platform, and the country itself is adopting a new IT strategy to attract more players to undertake financial innovation and to promote start-ups in the fintech area... The Mauritian system, whether it is the legal system, financial environment or incentive regime, is adapting itself to the new trends in fintech and technology and ICT in order to be in the forefront amongst financial players in Africa. SBM is also fully engaged in this trend, and we hope to become a leader in digital banking in Africa,” says Kee Chong Li Kwong Wing, G.O.S.K. and Chairman of SBM Holdings.

Standard Bank Mauritius' Bhalerao says that technology in the financial services sector in Mauritius is on par with that found in the more developed markets globally.

“However, as witnessed in other countries in Africa and other emerging markets, they have leapfrogged a generation in terms of technology, particularly because the widespread adoption and access to smart phones and handheld devices, which are capable of acting as a delivery channel for new generation financial technologies, like electronic money, virtual multicurrency credit or debit card, mobile payment applications, among others,” he says.

Regulators especially need to take note of advances in the area of fintech and prepare for the introduction of new
True Places
True Relationships

Mauritius • Seychelles • Maldives • Madagascar
THE MAURITIAN BANKING SECTOR IS REPUTED FOR ITS FINANCIAL SOUNDNESS AS WELL AS ITS DYNAMIC BUSINESS DEVELOPMENT APPROACH.

- Alain Law Min, CEO, MCB

BANKING AND FINANCE IN MAURITIUS: AT A GLANCE

- Mauritius has one of the longest running banking sectors in Africa. The Mauritius Commercial Bank, having been in operation since 1838, is one of the oldest banking institutions in the Commonwealth. Banks are given a single banking licence by the Bank of Mauritius to carry out banking operations locally and internationally. This allows them to conduct both domestic and international transactions denominated in all currencies.
- The Mauritius IFC is currently comprised of 22 local and international banks which offer an array of services ranging from traditional retail banking products to more specialised services such as private, wealth and investment banking, structured trade finance, Islamic banking and custodial services.
- The World Economic Forum’s Global Competitiveness Report 2016-17 ranks Mauritius as 44th out of 138 economies for financial market development and 43rd in terms of ease of access to loans.
- The financial services sector has, over the past five years, achieved average annual real growth reaching 5.5%.
- The industry contributes around 12% to Mauritius’ gross domestic product (GDP) and employs 15,000 people.
- 82% of Mauritius’ population has a bank account, compared to 34% for sub-Saharan Africa.

developments, cautions Sanjiv Bhasin, CEO at AfrAsia Bank.

“All the new technology does have a dramatic impact on cyber security. This needs a very deep and detailed understanding before any player or jurisdiction launches itself in that space. This is an area where Mauritius has to sharpen itself. But the good thing is that it has an excellent awareness of these challenges and is equipping itself to be at the cutting edge of the developments. Technology will undoubtedly determine in a much greater proportion than it has done to-date the success of financial services sector,” he says.

Interesting times lie ahead for the Mauritian financial sector and with persistence and resilience, the Star of the Indian Ocean could soon realise its goal of becoming the ultimate international finance centre.
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With 2017 being declared the International Year of Sustainable Tourism for Development by the United Nations, Mauritius is taking stock of its natural bounty to ensure sustainable growth. Forbes Africa explores what the island destination has to offer.

It’s easy for anyone to see why Mauritius is such a popular tourist destination. Blessed with idyllic, luxurious beaches, diverse flora and fauna and a fancy for just about every visitor, the tourism sector is prospering and contributed 7.8% to Mauritius’ total gross domestic product (GDP) in 2016, according to Statistics Mauritius. And the industry isn’t showing any signs of slowing down either: tourism’s contribution to the economy is expected to account for 9.2% of GDP by 2027 according to the World Travel & Tourism Council’s (WTTC) Travel & Tourism Economic Impact 2017: Mauritius report.

Statistics Mauritius says tourist arrivals this year are expected to reach over 1.36 million. But not all visitors to Mauritius go for a beach holiday – Mauritius has a burgeoning services sector and as an investment destination offering attractive opportunities in which to grow returns, the country also sees a high number of arrivals who are there for business, with business spending contributing 36.8% to the sector, according to figures from the WTTC. Mauritius is an increasingly popular destination for large-scale events and has remarkable capacity; the Swami Vivekananda Conference Centre in Pailles can accommodate up to 5,000 people at any given time and there is a wide choice of Mauritian hotels that offer conferencing facilities.

As such an important driver of Mauritius’ economy, the tourism sector cannot be overlooked and indeed, there is a great deal of focus by industry players on ensuring that the different areas of tourism adapt to meet the needs of both its domestic and international travellers.
SPOILT FOR CHOICE
There is an extraordinary variety of places to visit and things to do in Mauritius. In the north, the most popular beaches among locals and tourists are the Trou aux Biches and Mont Choisy, which stretches from Pointe aux Canonniers to Grand Bay where one can amble through the streets behind the main road and browse the local shops. The Grand Bay also has a variety of restaurants and bustling nightlife.

The cosmopolitan capital city of Port Louis is located on the northwest coast of the island. Founded in 1735, Port Louis is both the administrative and business capital of the Mauritius. The city is steeped in history – the Champ de Mars is the oldest race course in the southern hemisphere and Port Louis Theatre, built in the 19th century, is one of the oldest theatres in the Indian Ocean region. The Aapravasi Ghat complex is key to Mauritian history. It was declared a World Heritage Site by UNESCO and honours the indentured labourers who, after arriving from India and following the abolition of slavery, eventually settled on the island.

The central plateau begins at the south of Port Louis and with 400,000 people living in this area, accounts for over a third of the island’s population. Higher up on the plateau, natural forests and lakes can be found that are worth visiting.

The coastline in the east of Mauritius offers unparalleled beauty, with the long Belle Mare beach being its main attraction. The Roches Noires Caves show how volcanic activity formed the island of Mauritius and old lava pipes have been transformed into freshwater springs where one can snorkel.

The south of Mauritius is home to Ile aux Aigrettes Nature Reserve, the result of 30 years of conservation efforts that has seen 90% of this coral island restored through the careful reintroduction of indigenous plants, birds and reptiles. For history buffs, the National History Museum cannot be missed and old maps, pirate swords and shipwreck fragments give some whimsical insights into Mauritius’ maritime history. A little towards the west, the Black River Gorges National Park is home to an estimated 311 species of flowering plants and nine species of birds that are indigenous only to Mauritius. And for golfers, a little further west, the Tamarina Golf Club is not to be missed.

SUSTAINABILITY FOR THE WIN
As the year for Sustainable Tourism for Development, which should aim to protect the resources upon which it depends, it is more important than ever for Mauritius to focus on how it builds capacity in this way.

With the environment at the heart of Mauritians, the balance between development and conservation is a challenge but the country is ramping up efforts to ensure that the island’s natural beauty is protected.

Promoting sustainable tourism starts at the top and conservation is at the heart of Mauritius’ own government. A key objective of the Ministry of Tourism and Leisure in Mauritius is to “work in close collaboration with all its stakeholders, including international organisations for the development and promotion of sustainable tourism”. This also extends to creating awareness on the importance of sustainable tourism development and “supporting enterprises in their drive to be environmentally compliant”. To this end, the Ministry has, together with the Mauritian Bureau of Standards and various stakeholders developed the MS165:2014 standard for sustainable tourism in Mauritius. The standard serves as the minimum benchmark for tour operators to obtain an eco-label, which is growing in demand as consumers are making more conscious decisions about their own environmental impact as well as that of others.

Aside from its on-the-ground efforts with projects such as the Ile aux Aigrettes Nature Reserve, the Mauritius Wildlife Foundation is driving awareness about the importance of conservation. Its work on the island of Rodrigues involves the local schools and communities in its environmental efforts. Other independent initiatives such as Mauritus Conscious, which promotes ecotourism in Mauritius, urges travellers to focus on the three Ps (people, planet and profit) and also aims to bring about greater environmental conscientiousness.

With so much focus being given to sustainable tourism at this time, Mauritius could just exceed expectations.
Smart Start

Smart Cities have become all the rage in the race to improve the work-live-play experience in urban centres and attract valuable investor capital.

BY MARIE SHABAYA

The Smart City is a new buzzword on the Indian Ocean island of Mauritius. Recently announced by the country’s Board of Investment (BOI), the project consolidates policy efforts to provide ‘ideal conditions for working, living and relaxing’. Working in tandem with broader plans to transform the island into an international business hub, the Smart City Scheme is designed to set the pace for sustainable development on the island while improving employment and business opportunities for the local population.

The ambitions of the project are substantial. Eight smart cities, dispersed across the island, are expected to ‘propel Mauritius into the future’, claims the local newspaper, L’Express. These projects are vast and will comprise of residential districts, hotels, business and convention centers, retail outlets and other leisure facilities.

Plans for one of the southern ‘Smart Cities’ are already underway in Plaisance, not far from the country’s only international airport. The proposal, put forward by a Dutch firm and further refined by local and South African architects, features an airport hotel, a free port, a technology park as well as a cultural centre, residential and shopping districts. True to the directive of sustainability, the city will supply its own energy and manage a small nature reserve. However, this vision of the future is not as close as many might hope; full construction of the development is estimated to be complete around 2060.

In the meantime, investment in the scheme has been growing. So far, a healthy mix of local and international investors have pitched for participation. Plaisance, one of the more costly projects, has already generated interest from South African and Middle Eastern investors. Domestic investors include one of the island’s main holding firms, the Terra Group, which will develop its own
Mauritius has long been admired as a paradise island getaway of palm trees and piña coladas. But as Rolph Schmid, Managing Director for the Indigo Group of Hotels explains: “Many destinations can offer these. But the formula for ‘heavenly’ island holidays that saw 550,000* tourists travel to Mauritius between January and July this year alone is evolving and meeting the increasingly demanding needs of international visitors. What differentiates Mauritius most, apart from luxury hotels, pampering spas, beaches and friendly people, is a truly welcoming business environment and subsequent investment opportunities.”

Growth is inevitable, it seems. Mauritian hospitality currently extends to more than 13,000 rooms with all of its hotels combined, but it is projected that by 2020, a total of 15,600 rooms will be available on the market. Because the tourism industry plays a major part in the economy, the government has proposed the interesting Invest Hotel Scheme, designed to broaden the scope of opportunities for investors.

For MICE travellers, Mauritius ranks high. The strategically placed island is the perfect connection point for EMEA and Asian countries and as part of the SADC region with good diplomatic ties, Mauritius is well placed to open doors to the business world. Destination management is of the highest standard here and several hotels offer their own excellent business facilities.

Indigo Group with its four hotels targeted for the business community are all strategically located in the heart of the business centre of the island.

A combination of factors comes into play to make Mauritius an incomparable investment gateway to Africa, but it is its unique taxation system that encourages both local and foreign companies to set up business here:

- Although the corporate tax rate is 15%, offshore companies may claim foreign tax credits at the rate of 80%, which reduces the effective rate on a GBC1s income to 3%; 15% corporate and personal income tax rate; 15% VAT (refundable); tax-free dividends; free repatriation of profits, dividends and capital; no capital gains tax.

Mauritius recently facilitated the development of the Integrated Resort Scheme (IRS) in collaboration with the Mauritian Board of Investment, which is designed to facilitate the sale of residential properties to foreign buyers.

Because of its stable and free economic and political stance, business thrives in Mauritius. A compliance to international best practices in corporate governance, transparency and ethics, as well as a regulated financial sector, ensure secure and successful investment. Excellent living conditions, together with a skilled, bilingual workforce, complete the attractive picture.

Lest it appears like all work and no play, Mauritius offers countless after-business pleasure pursuits... museums, cultural and religious festivals, a vibrant night life, gourmet food, active adventure and sport, historical attractions, natural wonders and colourful markets.
Financial Phenomenon

Sanjiv Bhasin, CEO of AfrAsia Bank, gives us his take on banking in Mauritius in the global context.

Q. What indicators would you point to in order to best describe the health and competitiveness of the Mauritian banking and financial services sector today?

The banking industry, which comprises domestic and international banks, is performing well. Profits are very encouraging; returns on equity are exciting and balance sheet growth is healthy. The capital adequacy ratio remains comfortably above the minimum; non-performing loans are in check with sufficient provisioning; liquidity and the associated risks are well in control. At the macro level, currency is stable; inflation in check; deposit growth remains attractive. The challenge is the rise in public debt as a ratio to GDP. But that is very much in focus with a sincere attempt to manage it downwards and with forecasted improvement in GDP, it appears doable. At the industry operating level, there is a liquidity overhang in the system and the credit risk cycle in the region is not entirely encouraging. Banks have to keep a cautious approach. The central bank’s proactive stance on this subject suggests that suitable checks and guidance are in play.

Q. How do you see Mauritius taking off as Africa’s banking hub? What are the main challenges hindering Mauritius from becoming the premier IFC of Africa, with competitors like Kenya and South Africa?

Mauritius has very valuable experience. It boasts modern infrastructure; relations are constantly evolving to facilitate growth of this sector. It also has a very favourable cost structure of operations and government policies are geared towards promoting a holistic progress of this business. When you think of competition, you cannot restrict yourself to only view Africa; this business is global and so is competition. The whole sector has to collectively ensure it stays at the front end of developments in technology, regulations, and the availability of talent to ensure that no area weakens growth momentum.

Opening up the country to more foreign professional talent and renowned international players can make a meaningful impact in areas such as asset and wealth management and global corporate advisory services amongst others. The status of the country as a trusted, transparent and well-established international financial centre is testified by its compliance with international standards and its classification as a whitelisted jurisdiction. It’s all about effective structuring to achieve decent returns whilst mitigating your risks and the country also combines traditional advantages of an offshore jurisdiction with other comparative advantages such as the DTAs and IPPAs with several African countries.

Q. What are your priority markets for AfrAsia Bank at the moment and what are your plans concerning Africa?

Our efforts at AfrAsia Bank remain on Africa and Asia. We are focused on building up the capabilities of our South Africa representative offices and collaborate more closely to source deals in East and West Africa. With larger banks pulling out, there is a niche market for AfrAsia Bank to position itself as a bank of regional relevance. The target is to capture the trade and investment flows to and from these two continents, supplemented by direct flows to each of the regions from elsewhere. The opportunities lying in front of us are considerable and we moreover intend, with the talent pool and global network available, to keep promoting Mauritius as an IFC of choice and the springboard to Africa.
OWNED BY SOME 18,000 DOMESTIC AND INTERNATIONAL SHAREHOLDERS, WITH OVER 500,000 CUSTOMERS, SBM HOLDINGS LTD IS A LEADING FINANCIAL HOLDING COMPANY LISTED ON THE STOCK EXCHANGE OF MAURITIUS. BESIDES MAURITIUS, SBM GROUP IS PRESENT IN MADAGASCAR AND INDIA, WITH A REPRESENTATIVE OFFICE IN MYANMAR, AND EXPANDING INTO THE REGION MAINLY THE INDIAN OCEAN ISLANDS AND EAST AFRICA. IN LINE WITH ITS EXPANSION PLANS, THE GROUP HAS RECENTLY BEEN GRANTED A BANKING LICENCE IN SEYCHELLES SUBJECT TO CONDITIONS WHICH IT HAS UNDERTAKEN TO FULFIL. ITS PORTFOLIO OF SERVICES COVERS BANKING, NON-BANKING FINANCIAL SERVICES AND NON-FINANCIAL INVESTMENTS. INNOVATION, FLEXIBILITY, ACCESSIBILITY AND RELIABILITY ARE AT THE ROOT OF THE SBM REPUTATION AND BRAND.

ESTABLISHED IN 1973 AS ITS BANKING ENTITY IN MAURITIUS, SBM BANK (MAURITIUS) LTD IS THE GROUP’S FLAGSHIP. WITH A DOMESTIC MARKET SHARE OF OVER 20%, THE BANK DELIVERS SOLUTIONS FOR ITS DIVERSE CUSTOMER BASE: CONSUMER, SME, CORPORATE, INTERNATIONAL AND FINANCIAL INSTITUTIONS.

SBM’S MAJOR PRODUCTS AND SERVICES ARE:

* Global Business & International Banking
* Investment Solutions
* Treasury Services
* Cross Border Financing
* E-commerce
* Trade Finance
* Wealth Management

TO TAP THE POTENTIAL OF EMERGING MARKETS, THE GROUP IS GEARING UP FOR FURTHER EXPANSION PLANS IN THE EAST AFRICAN, INDIAN AND ASIAN REGIONS, THUS FURTHER STRENGTHENING THE EXISTING CONTINENTAL LINKS WITH MAURITIUS.
Our dedicated Wealth Managers take the time to really understand your hopes and dreams, your income and capital requirements, and your tolerance for risk. Only then do we craft your unique wealth plan, enabling you to enjoy your desired lifestyle knowing that the generational needs of your family are taken care of.

We focus on the detail without ever losing sight of the big picture, because with proper care a true masterpiece always appreciates over time.

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With proper care a true masterpiece always appreciates over time

Africa’s Leading Private Bank and Wealth Manager