

MAURITIUS' FINANCIAL RESILIENCE: A CASE STUDY IN AML/CFT



Mauritius, a shining beacon for African business, boasts political stability, an established tax system, competitive service costs, stringent regulatory frameworks, and a well-regulated banking sector. Over time, Mauritius has earned its reputation as a premier International Financial Centre (IFC). However, this very openness makes it a potential target for financial malfeasance. Here are five compelling reasons why Mauritius upholds a robust Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) regime:



1. Effective Legislative AML/CFT Framework

Mauritius has taken significant steps by enacting various legislation to ensure that it has a robust AML/CFT legal framework in place. The AML/CFT legislation and regulation are framed and implemented with the objective to prevent, identify, report, and investigate the Money Laundering ("ML"), Terrorism Financing ("TF") and Proliferation Financing ("PF").

In 2002, Mauritius enacted the Financial Intelligence and Anti-Money Laundering (“FIAMLA 2002”) which provide for various key requirements of a solid AML/CFT framework. The Act makes provision for the establishment and management of a Financial Intelligence Unit (“FIU”), the offences of money laundering, the obligation for the reporting of suspicious transactions to the FIU, the exchange of information in relation to money laundering and providing for mutual assistance with overseas bodies in relation to money laundering.

In 2018, the existing FIAMLA Regulations 2003 has been revoked and replaced by the Financial Intelligence and Anti-Money Laundering Regulations 2018. The regulations provide enhanced guidance on Customer Due Diligence, Politically Exposed Persons amongst others. In addition, the regulations elaborate on the measures which must be taken by reporting person in relation to high-risk clients and PEPs to ensure that they are complying with requirements of the Law and that they are taking all the necessary actions to safeguard their business from being misused by Money Launderers and Terrorist Financiers.

The United Nation (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019 (the ‘Act’) provides the legal framework for the Government of Mauritius to implement targeted sanctions including financial sanctions, arms embargo and travel ban, and other measures imposed by the United Nations Security Council under Chapter VII of the Charter of the United Nations, with a view to addressing threats to international peace and security, including terrorism, the financing of terrorism and proliferation of weapons of mass destruction. It came into effect on 29 May 2019. The Act makes provision for two regimes—one for the implementation of UN Sanctions (‘The UN Regime’) and the other one for the implementation of domestic Sanctions (‘The Domestic Regime’).

Furthermore, Mauritius has ratified and acceded to various AML/CFT Conventions which include the Vienna Convention, Palermo Convention, the UN Convention against corruption and the international Convention for the suppression of the Financing of Terrorism.



2. Institutional AML/CFT Framework

To ensure the effectiveness and fairness of regulation procedures. The FIAMLA 2002 provides powers to supervisory authorities to supervise, regulate and enforce compliance with reporting persons falling under their purview. The supervisory authority includes:

- The Financial Intelligence Unit
- Financial Services Commission
- Bank of Mauritius
- Mauritius Institute of Professional Accountants
- Attorney General Office
- Gambling Regulatory Authority and
- Registrar of Companies

These supervisory authorities maintain continuous oversight of the conduct and financial stability of their licensees to safeguard the integrity of Mauritius as an IFC of good repute and substance. Supervisory authorities carry out offsite and onsite AML/CFT examinations on reporting persons falling under their supervisory competence with the aim of establishing whether they are in compliance with the relevant AML/CFT requirements.

3. National Strategy for AML/CFT

Mauritius has implemented a national AML/CFT 2019–2022 strategy plan to further mitigate the Money Laundering/Terrorism Financing risks it is exposed to. In addition, it describes the priorities and objectives in addressing financial crime and assists Mauritius in meeting international obligations set by the Financial Action Task Force (“FATF”). The Strategy is based on the findings of the National Risk Assessment (“NRA”) and the gaps identified in the AML/CFT Mutual Evaluation Report (“MER”) of Mauritius, which was published in September 2018. The strategy comprised of eight key initiatives:

- i. Strengthening the AML/CFT legal & regulatory framework.
- ii. Implementing a comprehensive risk-based supervision framework.
- iii. Strengthening the process by which the ML/TF threats are detected and disrupted, criminals are prosecuted and illegal proceeds are confiscated.
- iv. Enhancing national coordination and cooperation.
- v. Consolidating capacity building, training, and awareness training program.
- vi. Enhancing transparency of legal person’s arrangements.
- vii. Implementing an effective AML/CFT data collection system in all relevant competent authorities.
- viii. Enhancing regional international Cooperation.

4. Administrative Penalties and Warnings

Non-Compliance with AML/CFT obligation brings with it severe consequences. They are as follows:

- Public Censure
- Private Warning
- Administrative Penalties
- Directives from doing any act.
- Restriction, suspension, or revocation of License.
- Criminal Proceedings against the firm in question and against any individuals in breach.



5. Compliance Controls & Due Diligence

The Reporting person is required to have in place a structured AML/CFT system which should include relevant procedures, processes, and controls, as well as the firm's organisational structure to safeguard their business from ML/TF abuses. Policies and procedures are expected to be commensurate with the nature and size of the firm's business and formally adopted and overseen by the firm's senior management. These policies and procedures must be clear and up to date to facilitate reviews by Independent Auditors and Supervisory authorities.

Know your customers, also known as KYC, is a mandatory process whereby a reporting person identifies and verifies a potential or actual client. As a reporting person, we often receive this type of question from potential customers "Why does it take so much time to establish a business relationship with financial institutions and Designated Non-Financial Business Professions in Mauritius?" But what actually happens is that their identity is being verified as per the local due diligence standards. Where applicable, institutions shall perform enhanced due diligence on a prospective customer to receive maximum information and details on the proposed business relationship. Our laws and regulations are designed in such a way to understand customers and their intended nature & purpose of business and their financial dealings to better manage any risks prudently and to mitigate the impact of ML/TF.

Being a member of the FATF, Mauritius is fully committed to apply the FATF recommendations and best practice. In the end, a robust AML/CFT regime is essential to ensure the integrity of the financial system and attract the right kind of business to Mauritius. Mauritius remains compliant with international norms, bringing reforms to keep pace with an ever-changing business environment. As investor, if you are seeking an IFC for investment purposes, the Mauritius IFC remains the best jurisdiction as it offers a panoply of competitive financial products and services, including private banking, global business, insurance and reinsurance, limited companies, protected cell companies, trust and foundation, investment banking, investment dealers, global headquarter administration amongst others.



WHY ACCUVISE ADMINISTRATORS?

Accuvisе Administrators is a Management Company based in Mauritius and offers a wide range of compliance support services to clients in Mauritius and across various foreign jurisdictions. We have a dedicated team of Compliance Professionals who shall assist you in meeting your obligations under the relevant AML/CFT Legislations. Our services are based on international standards and best practices. For more information, please contact us on operations@accuviseltd.com/compliance@accuviseltd.com or on 260 2644.

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