



Digitalisation Of Payment Systems In Mauritius & Opportunities For Payment Intermediaries

10:00 GMT, Wednesday, 13 November 2024



FS Club Events

A Word From Our Chairman



Hugh Morris
Senior Research Partner
Z/Yen Group



Today's Agenda

- 10:00 10:05 GMT Introductory remarks, Hugh Morris
- 10:05 10:10 GMT Keynote Address, Bank of Mauritius, Mardayah Kona Yerukunondu
- 10:10 10:20 GMT Overview of Payment Systems in Mauritius, Bank of Mauritius, Khemraj Hurry
- 10:20 10:30 GMT Regulatory framework for payment intermediary services, Financial Services Commission, Aakash Mishra
- 10:30 10:35 GMT Sharing of experience from Telco Company, Emtel, Kresh Goomany
- 10:35 10:40 GMT Sharing of experience from a Credit Company, CIM Finance, Sudheer Prabhu
- 10:40 10:50 GMT Sharing of experience from FSC, IPT Africa, Mark O'Sullivan
- 10:50 11.00 GMT Sharing of experience from FSC, TerraPay Group, Marco Boldini
- 11:00 11:10 GMT Sharing of experience, MINDEX Group, Jessica Naga
- 11:10 11:15 GMT Q&A
- 11:15 11:20 GMT Concluding Remarks, Hugh Morris

Today's Speakers

Mardayah Kona Yerukunondu First Deputy Governor Bank of Mauritius

Khemraj Hurry
Chief, Payment Systems &
Digital Currency
Bank of Mauritius

Aakash Mishra Assistant Director FSC

Kresh Goomany
Group Chief Executive Officer
Emtel

Sudheer Prabhu CTO CIM Finance

Mark O'Sullivan CEO & Founder IPT

Marco Boldini Executive Vice President TerraPay

> Jessica Naga CEO MINDEX Group

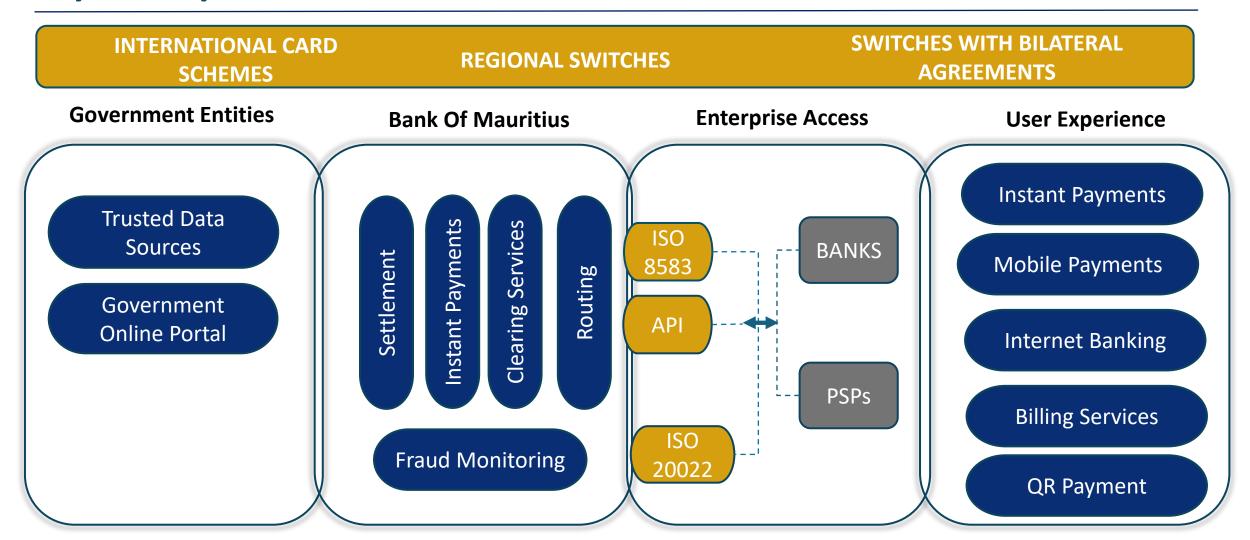


Digitalization of Payments in Mauritius and Opportunities for payment intermediaries

Overview of Payment Systems in Mauritius

Khemraj Hurry – Payment System and Digital Currency 13 November 2024

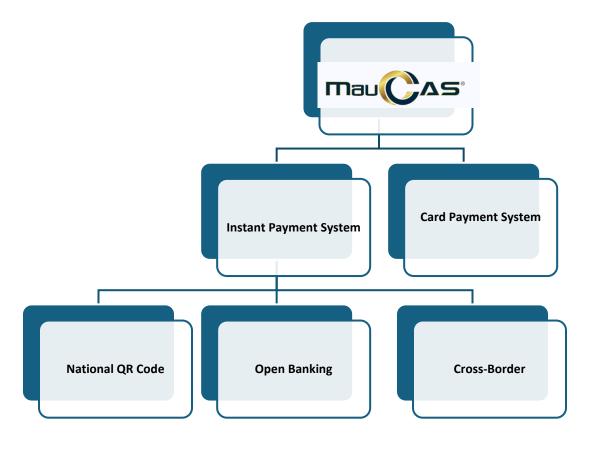
Payment Systems in Mauritius





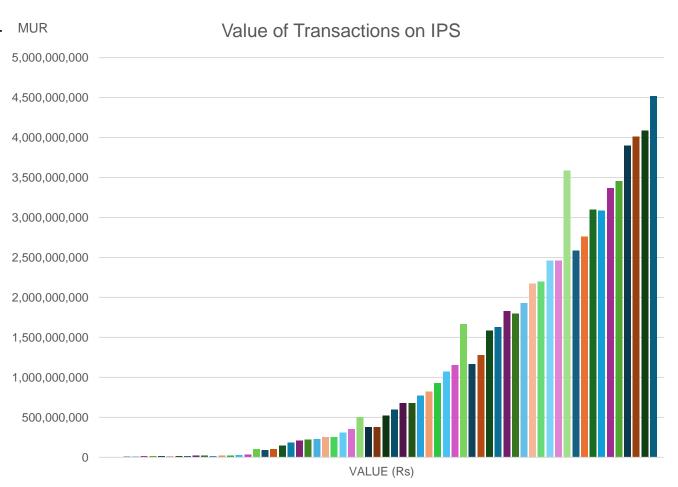
National Payment Switch

- MauCAS is a central payment switch that operates 24/7
- Supports multiple channels, including cards and mobile payments, enhancing efficiency and interoperability across the payment ecosystem
- Enables seamless routing of transactions among payment operators
- Key befits:
 - Instant Payments: Facilitating real-time transactions for individuals and businesses
 - Cost Efficiency: Lower transaction fees compared to traditional systems
 - Innovative products and services



Evolution of IPS transactions

- Higher adoption of mobile payment driven by the Covid-19 pandemic.
- Increase in digital payments via mobile apps
- Implementation of a portal for Government payments
- Transaction limit increased to Rs250,000 in June 2024
- Fees abolished for certain types of transactions
- Routing fees removed





Cross-border Payment Systems





 Mauritius is a participant in the SADC Cross-Border Payment System



 Bank of Mauritius is a participant and the settlement bank in the COMESA Regional Payment and Settlement System (REPSS)



Regulatory Framework

National Payment Systems Act 2019

- Empowers the Bank of Mauritius to regulate, oversee and supervise payment systems operating in Mauritius
- Provides foundation for non-bank payment service providers to operate in a regulated environment conducive to their line of business
- Promotes stability, protects consumers and fosters healthy competition



Licensing Framework





Enabling environment



Central KYC



Regulatory Sandbox



Central Bank Digital Currency (CBDC) Initiatives



Innovation hub



Opportunities for Payment Intermediaries

Market Expansion

With MauCAS opening the market to both bank and non-bank operators, new players can enter the payment services space, offering innovative solutions tailored to local needs

Increased Service Offerings

Intermediaries can develop diverse electronic products, such as mobile wallets and QR code payment systems, leveraging the infrastructure provided by MauCAS

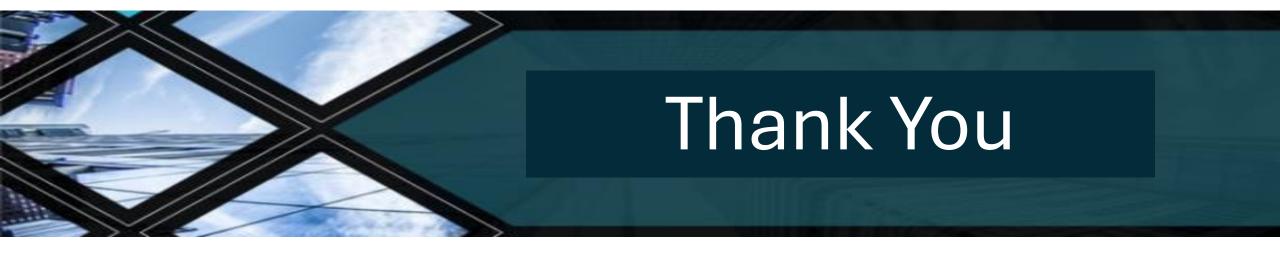
Government Services Integration

The platform will enable easier access to government services through digital payments, creating new avenues for intermediaries to facilitate these transactions

Collaboration with FinTech

As Mauritius aims to establish itself as a regional fintech hub, intermediaries can collaborate with startups and technology providers to create cutting-edge financial solutions





The Regulatory Framework for Payment Intermediary Services

By Aakash Mishra Assistant Director FSC Mauritius 13 November 2024



Background



- Fintech has been identified as one of the pillars of growth in the Blueprint for the Financial Services Sector in Mauritius.
- Modernisation of legislation done (through publication of Act/ Rules/ Licensing Criteria) to address the strategic objectives.
- Legislations are benchmarked as per best international practices whilst adopting a risk-based approach (e.g., Recommendation 15 of FATF with respect to regulation and supervision of Virtual Asset Service Providers ('VASPs')).
- Capacity Building initiatives of staff (e.g., through study tours/ webinars/ trainings delivered by IOSCO and other standard setting bodies).



- The FSC is committed to foster a conducive regulatory environment that nurtures fintech innovation and business. The FSC also ensures an appropriate level of compliance and consumer protection.
- In monitoring the conduct of business activities of its licensees, the FSC focuses inter alia on market conduct, Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT) requirements, corporate governance principles, international norms and standards.
- The FSC recognises the sheer importance of innovation and technology in enabling a wide range of financial services business models. In the same vein, the FSC plays a critically important role in providing clear regulatory policies and guidance for Fintechs.

Payment Intermediary Services (PIS)



- The FSC oversees non-bank financial services and is endowed amongst others the mandate to licence, regulate, monitor and supervise payment intermediary service providers, conducting business activities exclusively outside Mauritius.
- The FSC introduced the PIS licence under the Financial Services Act ('FSA') 2007. This licence inter-alia covers businesses involved in managing and processing payments between customers and merchants, such as e-wallets, online payment gateways, and similar financial intermediaries.
- A holder of a PIS Licence (FS-2.9) is mandated under Section 14 of the FSA.



- Mauritius has been refining its regulatory framework to adapt to the growth of financial technology and digital payment services, including payment intermediary services.
- The PIS licence allows entities to provide services such as transaction processing, digital wallets, fund transfers, and online payment gateways.
- It is designed to encourage innovation and competition in the financial services sector by allowing non-banking financial institutions to facilitate payments.
- Rule 3(iii) of the Financial Services (Other Financial Business Activity) Rules 2008 was amended to empower the Commission to grant PIS licences only to those applicants proposing to conduct business exclusively outside Mauritius and which would not fall under the purview of the Bank of Mauritius.

Licensing requirements



- Under section 72 of the FSA An application for a Global Business Licence shall be made through a management company in such form and in such manner as may be approved by the Commission.
- Under section 14 of the FSA No person shall carry out, or hold himself out as carrying out, in Mauritius any financial services without a licence issued by the Commission.

 Confirmation that Applicant will conduct payment intermediary services exclusively outside Mauritius.

The Applicant shall maintain at all times its principal bank account in Mauritius.



- Undertaking that the Company will seek the relevant approval/authorisation in the jurisdiction(s) it intends to operate.
- Given the nature, complexity and risks associated with PIS activities, PIS Licence holders shall at all times maintain a minimum unimpaired stated capital of MUR 2, 000, 000 or its equivalent in another currency.
- Platform: tried and tested (e.g. PCIDSS Certificate in case Card transactions are involved).
- Draft agreement submitted (e.g. with merchants/ service providers/ gateways).



- Must establish and maintain a sound corporate governance framework in line with the National Code of Corporate Governance in Mauritius and Internal Control systems and procedures.
- Appoint officers as defined under section 2 of the FSA that must meet 'fit and proper' criteria.
- Applicant needs to provide details as to how it will comply with section 71(3) of the FSA 2007.
- Details of the registered office address and a draft copy of lease agreement
- The Board shall consist of at least 2 resident Directors.



- Completeness of application as per requirements on the FSC One platform including a feasible business plan outlining the process flow of the PIS activity.
- Such fees as may be specified in Financial Services (Consolidated Licensing and Fees) Rules 2008.
- Ongoing obligations to be fulfilled by a holder of a PIS Licence.
- Submission of Audited Financial Statements.
- Any such other information as may be specified in FSC Rules or otherwise required by the Commission to determine the application.



- The FSC recommends that when submitting an application, an applicant should be conversant with the relevant provisions of the law, guidelines and circulars which the Commission has issued or may issue from time to time.
- In an attempt to increase the competitiveness of the Mauritius International Financial Centre, it was announced in the National Budget 2024/2025, that an application submitted FSC shall be granted within 10 working days subject to completeness of the application.
- To this effect, section 17B "Determination of application" was introduced in the FSA 2007 to ensure the turnaround time to process an application.
- Subsequently, the FSC issued the Financial Services (Determination of Application) Rules 2024 in October 2024.

Supervision of PIS



- When Supervising, it is ensured that the Licence holders adhere to AML/CFT Laws/Rules/Regulations.
- This includes stringent Know Your Customer (KYC) procedures, reporting obligations, and ongoing monitoring to prevent illicit activities and compliance with the Financial Intelligence and Anti-Money Laundering ('FIAML') Act 2002 and FIAML Regulations are mandatory.
- PIS providers are expected to have robust consumer protection policies, including secure transaction processing, transparency in fees, and dispute resolution mechanisms.
- The Data Protection Act, 2017 in Mauritius imposes obligations to protect user data, requiring PIS providers to follow strict data management and security protocols.

Onsite Monitoring



In line section 43 of the FSA, the FSC is empowered to carry out inspection into the business activities of a licensee and an audit of its books and records.

The onsite inspections are aimed at assessing the degree of compliance of licensees with relevant laws. Onsite inspections cover the AML/CFT requirements as well as prudential aspects.

Onsite inspections are conducted to:

- ascertain compliance with relevant laws and regulations;
- determine whether dealings with policyholders and public are fair and transparent;
- assure sound corporate governance;
- check adherence to AML laws, regulations and codes; and
- identify any other deficiencies.

Offsite Monitoring



- Offsite Monitoring: Processing of post licensing requests such as
- Appointment of officers/auditors
- Approval of controllers & beneficial owners
- TRC Applications
- Request for Good Standing
- Winding up
- Administrative Penalty
- Review of Accounts
- Annotation of licence on Change of name

Enforcement Actions



- The FSC has supervisory and enforcement powers for non-compliance or offences committed by its licensees.
- In cases of non-compliance with the relevant Acts and failure to seek the relevant approvals of the FSC, the licensees are required to provide explanations and they are closely monitored for potential enforcement actions.
- Some licensees are even referred to the Enforcement Directorate for serious breaches.
- Enforcement actions are the taken against those licensees where serious deficiencies are noted in the business conduct and AML/CFT inspections and corrective actions are not implemented.

Way Forward



- Mauritius is continually updating its framework to attract fintech investments and payment intermediaries, aiming to become a regional hub for financial innovation while maintaining financial stability and consumer protection.
- The FSC operates a Regulatory Sandbox Licensing (RSL) framework, allowing innovative companies in fintech, including payment intermediaries, to test products under controlled conditions before full licensing.
- This approach supports businesses bringing new payment solutions to the market by providing a flexible regulatory framework for experimentation.
- Fintech regulatory environments vary across jurisdictions and are ever changing.
- Fintech ventures can be ambidextrous- balance between compliance costs and innovation.
- Regulatory sandbox can be tool to allow fintech startups to conduct live experiments within a controlled environment.
- Regulators need to strike the balance between innovation & maintaining financial stability.



Capacity
Building in the
Fintech Space

Development of new
Regulations/Guidel ines/Guidance
Notes/Supervision manual and
Licensing criteria

Technological
Developments –
Need to update
existing
Regulations/
Guidelines to
adapt to
technological
developments

Active
Participation in
Fintech Working
Groups of
IOSCO, GFIN,
CISNA and
Other Regional
and
International
fora

Latest News



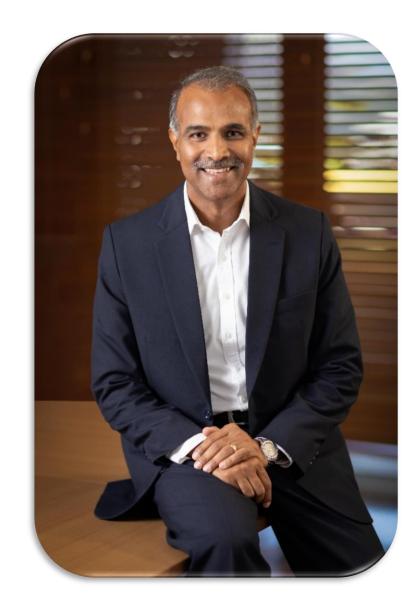
• In the newly released GFCI 36, Mauritius has made remarkable progress in the fintech sector, as evidenced by its rise to 75th position in the Fintech Index, climbing 12 places since GFCI 35 (March 2024).

 FSC will continue to drive innovation, usher in new products backed by a solid regulatory and supervisory framework.









Kresh Goomany CEO Emtel





An APP for EVERYONE*

Mauritius - Rodrigues - Agalega

* Telco & Bank agnostic anyone with a local MUR bank account



The payment ecosystem & role of blink



Banks























National Payment Switch

- Interoperability
 - Real-time
 Transactions
- MUR 20 Bn Monthly Mobile banking & Mobile payments
- YOY growth of ~50% v/s 9% in Cards





- Any Mobile operator
- Any Smartphone
- Mobile Data
- MUR bank account

Billers

- Utilities
- Government bodies
- Insurances
- Many More

Merchants

Cases

Use

- Static & Dynamic QR
- eComm
- Payment links

blink in India: UPI Transactions

- Inbound Payments
- Outbound Payments

P2P payment

- Pay to account (any bank)
- Pay to Mobile (blink user)
- Self payment

Mobile Top Ups



UPI QR Payment Services



- Indian Visitors Paying at blink Merchants in Mauritius
- blink Users Paying in India

Inbound Service

Indian visitors can use their UPI-enabled apps (like BHIM) to scan and pay at blink merchants equipped with UPI QR codes.





Competitive Commission Rates



Scan & Pay At UPI Merchants



Daily Settlement



e-comm / Payment links

Outbound Service

blink users from Mauritius can make payments in India using their blink app at merchants who accept UPI payments.

Samples of UPI QR Codes

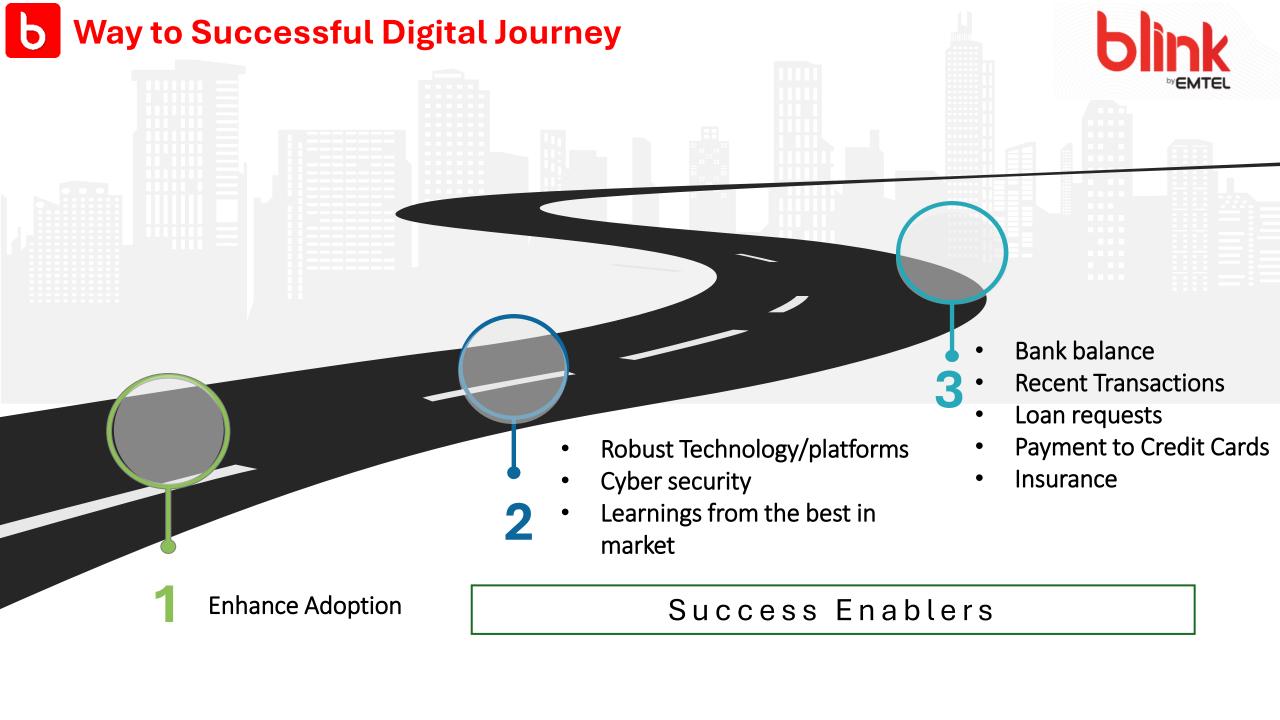














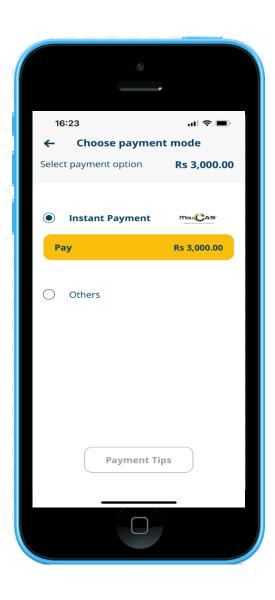
ThankYou



Background

- CIM Financial Services Ltd (CFSL) is a Non-Bank Financial Services Company.
- Our main business involves Credit Lending, Personal Loans, Leasing, Credit Cards and Factoring.
- The repayments and disbursements of loans involve exchange of payment transactions for CFSL.
- Historically, repayments were made in-person at counters, predominantly through cash transactions that accounted for nearly all payments. This process led to long queues outside our offices at the end of each month, as customers waited to settle their agreements.
- In 2021-2022, CFSL launched its first flagship consumer app which was a services only app.
- In 2022, when CFSL obtained its PSP license, a payment option was introduced for customers to repay us directly through our app.

MauCas in Collections



- MauCas as a prominent payment method in our application has helped increase our loan repayments.
- The contribution of Digital Payments using MauCas increased from almost 0% to 18% in the last 12-18months.
- 80% of our mobile app users are using MauCas at least once a month for repayments.
- The introduction of MauCas has also brought in a lot of efficiencies in the reconciliation of payments.
- It has significantly reduced the workload at our branches, allowing customers to make payments anytime and from anywhere using MoFinans, our flagship consumer app.
- We have been able to reduce queues outside our offices.
- Our receipts are issued digitally, eliminating paper and reinforcing our commitment to a Go-Green strategy.

MauCas and QR



- We have also introduced Scan and Pay on our mobile app.
- This **empowers our customers** to make payments to merchants and facilitate peer-to-peer transactions seamlessly through our app.
- Customers can link their accounts in our app to easily scan and pay using any MauCas QR code.
- We have also innovated by generating **Dynamic QR Codes** in our traditional POS machines, enabling transactions from other bank apps.
- This is currently being piloted at CFSL offices for our own collections, with plans for a wider rollout to over 1,000 merchants.

What's Next...



 We propose using MauCas rails to enable faster loan disbursements to our customers.

 We will explore additional features as they become available.

Thank You

CIM Financial Services Ltd

P.O. Box 297, Cnr Edith Cavell & Mère Barthélemy Streets, Port Louis, 11302 T +230 203 6800 | E info@cim.mu www.cimfinance.mu



IPT AFRICA

purpose-driven technology platform

the most challenging markets across the world...



THE CHALLENGES

Pricing:

Global banks provide limited african currencies.



THE CHALLENGES

Liquidity:

African banks lack \$ liquidity.



THE CHALLENGES

Cost:

Banks charge 8.4% (FX) & high payment fees.



THE CHALLENGES Fragmented

Payments frequently delayed

& rejected.









Money is transferred to local bank





It goes to International US bank









and then to a major African bank











then finally transferred to local bank











then finally transferred to local bank

This can take up to 10 days



Our technology platform offers FX Pricing and Local payment solutions simultaneously



Our scalable, integrated platform empowers clients,

by providing seamless, reliable, and cost-effective payment and collection solutions



Our platform allows you to pay in 1064 currencies and collect from 21 African countries

cleared same day



WHY MAURITIUS?

Strategic Location: Mauritius serves as a gateway to Africa, positioned at a geographical crossroads between Asia and Africa, facilitating easier connections and time-zone compatibility with major global markets.

Favorable Regulatory Environment: Mauritius has a well-regulated financial services sector, with frameworks designed to support cross-border transactions and ensure compliance with international standards.

Financial Hub for Africa: Mauritius is a recognised financial hub for Africa, making it easier to attract and retain partnerships, as well as access services and funding directed at African markets.

Internationally Trusted Jurisdiction: Known for its stability and adherence to international compliance standards, Mauritius is often chosen by companies that prioritise trust and reputation.

These factors collectively make Mauritius a strategic choice for IPT Africa, optimizing operational efficiency while providing access to African and global markets.

Visit our website to discover how we can change the way you do business in Africa

www.iptafrica.com

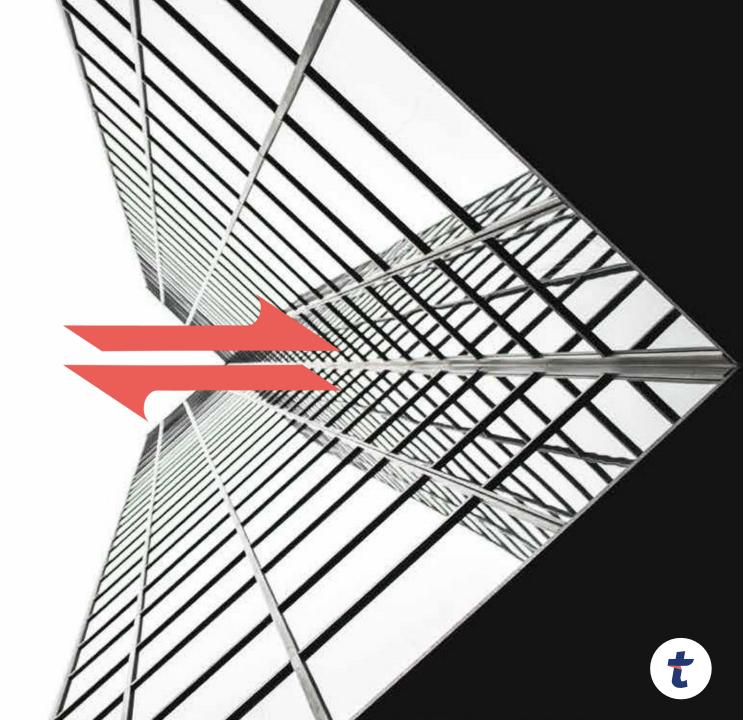




www.iptafrica.com

terrapay

A global payments network for borderless money transfers



We push the boundaries of what's possible for your business

TerraPay is a global payments company that was founded to simplify and secure cross-border money transfers, making financial transactions more accessible and inclusive.

We believe payments should be **borderless**, **seamless**, and **compliant** above all. Registered and regulated across **31 global markets**, we are a leading payments partner for banks, digital wallets, money transfer operators, merchants and financial institutions.

Established in **2015**, our mission is connecting a borderless financial world, simplifying the movement of money everywhere.

Terrapay developed a robust, scalable digital platform that connects financial institutions and **mobile wallets worldwide**, enabling real-time, seamless payments.







We help global companies simplify their cross-border payments



MTOs

Expand remittances with speed, security, cost-effectiveness, and instant payment processing at unmatched rates



Banks

An inclusive borderless banking experience, that can help outperform emerging competition



Mobile Wallets

Transform wallet usage with real-time payments, expanded geographies and multiple currencies



Travel Business

Eliminating the complexities of travel payments with instant business payouts and virtual cards



Global Businesses

Seamless and fast payments for users across the globe in their preferred method





Our Network: +30 regulatory approvals and licences

Reach	Access	Tech	Company
7.5 _{Bn+} Bank accounts	210 Send countries	25Mn+ transactions and growing	800+ Employees
2.1 Bn+ Mobile Wallets	140+ Receive countries	97% Delivered in 1 minute	12 Global offices
6Bn+ Cards	71 Settlement currencies	13 _{Mn+} Users	40 Nationalities



Mauritius & Financial Services Commission



Mauritius has a strong ecosystem for Fintech:

- High rule of law and reputation
- Jurisdiction very receptive to Fintech innovation
- It has a transparent and **collaborative approach** to new entrants to the market
- International recognised legal framework which includes the FSC Act



FSC international cross-border licence:

- Terra Pay could project the regulatory dividend to the **African continent**
- Opportunity to offer financial inclusion at a reasonable cost with Digital Wallets
- Large underbanked potential customer base in the region



Mauritius propelled TerraPay to success:

- ✓ Since 2014, **FSC licence** has played a key role to onboard business partners
- ✓ Approximately **30% of TerraPay global customers** operate through our Mauritius licence
- ✓ Opportunities for consideration: E-money License

Digital Banking

Merchant Acquisition

Payment Gateway















Is asset tokenisation the future of payments?

FSC Webinar 13 Nov 2024



- SECURITIES EXCHANGE
- VIRTUAL ASSET MARKETPLACE
- CUSTODY
- CLEARING HOUSE

MINDEX Limited: a Digital Securities Exchange (SEC-1.1 SECURITIES EXCHANGE licence N° SE17000005 issued on the 31/01/2023) MINDEX Limited: a Virtual Asset Marketplace (VS22200003 Code VA-1.5, issued on the 27/12/2023).

MINDEX Clearing and Depository Limited: a regulated central counterparty (CCP) clearing house and as a regulated central securities depository and registry (SEC-1.2 CLEARING & SETTLEMENT FACILITIES licence N° DC17000004 issued on the 31/01/2023) MINDEX Digital Custodian Limited: a digital custodian services for a broad range of digital assets (licence FS-1.14 CUSTODIAN SERVICES DIGITAL ASSET N° CT19000002 effective as from the 31/01/2022)



Predictions by reputed institutions



Report Jan 2024 entitled:

Blockchain is in from the cold — and stablecoins are set to change the financial system forever

The World Economic Forum expects 10% of global GDP could be tokenized and stored on the blockchain by 2027.



Tokenised USD: Widely used medium of exchange



Market cap: USD124Bn Volume (24h): USD247Bn

Market cap: USD36Bn Volume (24h): USD20Bn



Predictions by reputed institutions

McKinsey & Company

McKinsey predicts that by 2030, the value of tokenized assets could range between \$1 trillion and \$4 trillion

2024



Standard Chartered highlights the transformative potential of tokenization, projecting a \$30 trillion market for tokenized real-world assets by 2034.

2024



Predictions by reputed institutions



"experiments have demonstrated that **tokenized settlements could support efficiency and safety**through programmable central bank digital
currencies (CBDCs)"

2020



"tokenization and Distributed Ledger Technology (DLT) could simplify settlement processes, eliminate intermediaries, and accelerate posttrade services, especially in markets with low liquidity."

2022

Benefits of tokenisation of realworld assets to payments



Benefits of tokenisation of real-world assets to payments



Increased Liquidity

Reduced Transaction Costs





Faster Settlement

Programmable
Payments and Smart
Contracts





Benefits of tokenisation of real-world assets to payments



Cross-Border Transactions

Enhanced Security and **Transparency**





24/7 Market Access

Interoperability
Between Digital
Assets and Fiat
Currencies



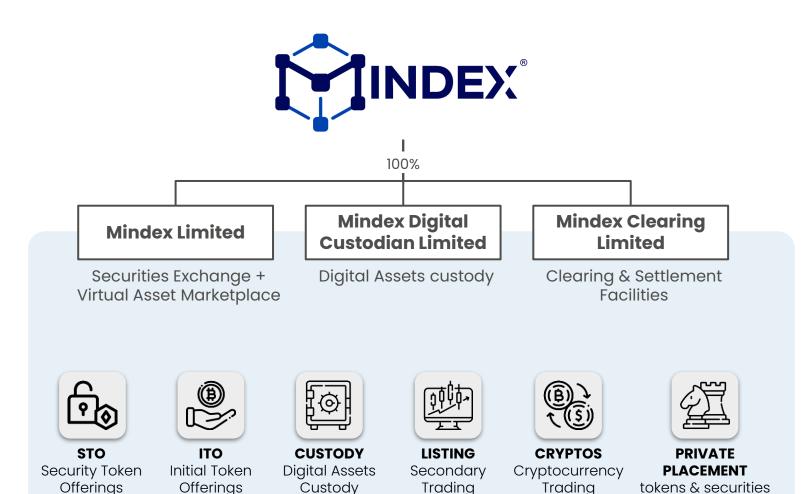
MINDEX: AN INTEGRATED AND EFFICIENT SOLUTION



A Mauritian headquartered regulated tokenisation ecosystem

One roof, all asset types: maximum diversification, ultimate full atomic swap

- open to retail investors, quenching liquidity droughts
- Best quality assets:
 international institutional-grade
 partners & tailored Due Dil.
- Non stop efficiency:
 Disintermediated, 24/7 trading,
 Instant Settlement



CONTACT INFO

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Website: mindex.group

Linkedin: MINDEX Group



MINDEX, founded in 2017, is headquartered in Mauritius. The holding comprises of the following entities licensed by the Financial Services Commission of Mauritius: MINDEX Limited (SEC-1.1 SECURITIES EXCHANGE license N° SE17000005 issued on the 31/01/2023),

MINDEX Clearing Limited (SEC-1.2 CLEARING & SETTLEMENT FACILITIES licence N° DC17000004 issued on the 31/01/2023), and

MINDEX Digital Custodian Limited (licence FS-1.14 CUSTODIAN SERVICES DIGITAL ASSET N° CT19000002 effective on the 31/01/2022)



Comments, Questions & Answers





Forthcoming Events

• Friday, 15 November 2024 (15:00 - 15:45 GMT) Digital Empires: The Global Battle To Regulate Technology

• Thursday, 21 November 2024 (11:00 - 11:45 GMT) Age Proof: The New Science Of Living A Longer, Healthier & Wealthier Life

Visit: https://fsclub.zyen.com/events/forthcoming-events/

Watch past webinars: https://www.youtube.com/zyengroup