Market Conduct Supervision in challenging times

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Principle 1 : Legal, Regulatory and Supervisory Framework

- In terms of the Bank of Mauritius Act, the Bank of Mauritius (BoM) has, as part of its mandate, to ensure the stability and soundness of the financial system of Mauritius, to adopt policies to safeguard the rights and interests of depositors and creditors of financial institutions, having due regard to the need for financial institutions to compete effectively in the market and take reasonable risks.

- Section 96A of the Banking Act empowers the BoM to:
  - develop and promote programmes to inform and educate customers or potential customers of financial products and financial services;
  - issue instructions/guidelines to financial institutions which are geared towards the protection of customers; and
  - require every financial institution to appoint an officer to deal with complaints and grievances from their customers.

Principle 1 : Legal, Regulatory and Supervisory Framework (Cont'd)

- The Borrower Protection Act 2007 regulates credits granted by lending institutions for a sum not exceeding Rs3 million. Under this Act, the Commissioner ensures that the terms and conditions of a credit agreement referred to him are not extortionate, strives to strike a fair balance between the rights and obligations of borrowers and of lenders and deals with complaints received from borrowers and cause investigations to be conducted and convene hearings as may be appropriate.

- The Ombudsperson for Financial Services Act 2018 has led to the creation of an Office of Ombudsperson for Financial Services which, inter alia, assists the Ombudsperson in dealing with complaints made by consumers of financial services against financial institutions.

Principles 2 and 3

Principle 2: Role of Oversight Bodies

- Financial consumer protection has always been high on the agenda of the BoM which ongoingly highlights the importance of financial education and consumer education.

- The Bank has been dealing with customer complaints for several years but this responsibility has, since March 2019, been passed on to the Office of the Ombudsperson for Financial Services which is a dedicated independent institution ensuring fairness in the financial services sector.

Principle 3: Access and Inclusion

- As per the "Future of Banking in Mauritius" Report issued by the BoM in September 2022, the country has around 15 bank branches per 100,000 adults.

- Banks waived the fees applicable on shared ATM services during the pandemic. This enabled bank customers to have access to the ATM of any bank regardless of the issuer of the card without having to pay any fee.

- Internet banking and Mobile banking services are already present in Mauritius. These are conducted in line with the Guideline on Internet Banking and the Guideline on Mobile Banking and Mobile Payment Services.

Principle 4: Financial Literacy and Awareness

- The BoM caters on an ongoing basis for the promotion of financial literacy of consumers which is undertaken by a dedicated Unit under the aegis of our Chief-Communications.

- As per the "Future of Banking in Mauritius" Report, the BoM is working on an awareness campaign to be rolled out early next year, and which will make use of technology to increase reach and effectiveness of information dissemination. With the collaboration of banks, the BoM is drafting a roadmap to sustain and reinforce its current financial literacy campaign. The objective is to include new elements of significance to consumers of banking products with a view to increasing trust in digital payments. The focus is also on assisting members of the public in having a better understanding of new financial products, technology-driven solutions and modes of payment.

- On that front, the BoM will engage closely with the media to ensure that all communication channels are available to reach out to the BoM's target audiences. The BoM is itself present on social media.

Principles 5 and 6

Principle 5: Competition

- The BoM has issued instructions to all banks to ensure that they do not act as agents for a limited group of insurers and influence clients, contacting credit facilities with them, in their choice of a particular insurance company.

- Banks are required to disclose their fees and charges in a standard template devised by BoM and a link to each commercial bank website for such charges is available on the BoM website. Consumers are thus able to search and compare data across banks prior to purchasing a banking product or availing of a banking service.

Principle 6: Equitable and Fair Treatment

- The BoM ensures during its onsite inspections and offsite monitoring that as per the requirements of the Borrower Protection Act 2007, proper and adequate information is disclosed to borrowers prior to contracting a credit facility and that the terms and conditions of a credit agreement are adequate and not extortionate.

- During onsite inspections, the BoM also examines the interest rates/ fees/charges/commissions imposed by financial institutions on their customers for credit facilities. If not in consonance with their Tariff Guide or if a case of misconduct is observed, the BoM may issue instruction letters/directives to the financial institutions to rectify matters.

- Changes in banks' Tariff Guides are also vetted by the BoM before same are published by the banks.

Principles 7 and 8

Principle 7: Disclosure and Transparency

- A standard template for the publication of the fees and charges of banks on their websites has been devised by the BoM.
- The BoM issued a Guideline on Control of Advertisement for an oversight on the advertisements issued by banks. There is a requirement for banks to disclose information relating to the Annual Percentage Rate, APR, (applicable to loans and credit products) and Annual Effective Rate, AER, (applicable to deposit accounts) in their advertisements.
- There is also a requirement for all financial institutions to ensure that any advertisement published or disseminated is couched in such a manner so as not to mislead the public and also stand the test of being fair, objective and conforming to the highest ethical standards.

Principle 8: Quality Financial products

- As per the Guideline on Cyber and Technology Risk Management, banks are required to conduct risk assessments when new products, services, technologies, projects or connection points are being implemented.

Principles 9 and 10

Principle 9: Responsible Business Conduct and Culture of Financial Services Providers and Intermediaries

- The BoM has introduced a regulatory Debt to Income ratio of 50% for individuals to ensure that lenders measure an individual's ability to manage his/her monthly payments in order to meet their financial obligations.

- The Guideline on Credit Risk Management requires financial institutions to make the necessary verification with the Mauritius Credit Information Bureau to assess the repayment capacity of borrowers. The Guideline also requires that a credit assessment is customer-focused, i.e., assessing the customer's ability to comply with his repayment obligations and preventing over-indebtedness and ensuring that the repayment will be made within a reasonable time and in a sustainable manner.

- A Guideline on Disclosure of Information to Guarantors has been issued to clearly set out the responsibilities of lending institutions towards guarantors.

Principle 10: Protection of Consumer Assets against Fraud, Scams and Misuse

- Our supervisors constantly monitor information being displayed on social media about financial products/services being offered.

- 'Scam alerts' are issued to the public on the Bank's website. These are designed to raise the awareness of the public and financial industry stakeholders against scams and fraud attempts. It also contains information on alerts received by banks.

Principles 11 and 12

Principle 11: Protection of Consumer Data and Privacy

- With the surge in mobile payment solutions, the BoM also deems it necessary to reassure the public as regards the protection of personal data whilst addressing any asymmetries of information or misconception regarding new forms of payments.

- The Guideline on Mobile Banking and Mobile Payment Systems makes it mandatory for service providers and retail agents to maintain the confidentiality of all documents and information pertaining to their customers, at all times.

- The Guideline on Cyber and Technology Risk Management requires financial institutions to impose confidentiality obligations on third-party service providers to which they have outsourced certain functions, in line with the underlying objective of section 64 of the Banking Act 2004 or section 18 of the National Payment Systems Act 2018.

- In terms of the Guideline on Use of Cloud Services, banks are required to ensure the adequacy of a cloud service provider's risk management and internal control systems, information security capabilities and security controls including the controls for protecting the confidentiality, integrity and availability of data.

Principle 12: Complaints Handling and Redress

- As per the latest Annual Report of the Office of the Ombudsperson for Financial Services for the financial year ended 30 June 2022, there has been 746 complaints closed/resolved and 1726 verbal guidance provided to complainants.

- The BoM requires banks to submit a quarterly return, under the Risk based Supervision Framework, providing details on complaints received at their end, the number thereof which have been taken up by the Ombudsperson for Financial Services and the number which have been resolved. This allows the BoM to have an oversight of resolution of complaints for institutions under its purview by the office of the Ombudsperson for Financial Services.

Thank You