



appavoo
global business

MAURITIUS

THE NEW FINTECH HUB FOR AFRICA

CRYPTOCURRENCIES

DIGITAL ASSET MARKETPLACE

PAYMENT INTERMEDIARY LICENCE

REGULATORY SANDBOX LICENCE

E- COMMERCE

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MAURITIUS: THE FINTECH HUB FOR AFRICA

INTRODUCTION

The success of Mauritius has always been significantly attributed to the business environment that it offers to the international investor community. Mauritius has been among the main players in terms of Ease of Doing Business in the World Bank's Doing Business ranking, and a trend-setter in Africa.

The surge of FinTech has already started to reshape the financial sector on a global scale and attract significant attention from markets, customers, and investors. This FinTech movement is also gaining momentum in Mauritius and for that reason, the policy makers are confidently putting efforts together for capitalising on the potentials of FinTech, as a new pillar for the future growth of the Mauritian economy. There are several driving forces that will play a critical role towards the future integration and expansion of FinTech within the Mauritian ecosystem such as the emergence of new technologies and the new generation of investors are increasingly willing to use digital investment and peer-to-peer lending platforms respectively not to forget robotic or artificial intelligence solution services.

In this fast-paced environment, **APPAVOO INTERNATIONAL** constantly monitors the transformative changes on the horizon, so that we engage with the new trends for the advancement of the needs of our clients.

FinTech is, indeed, emerging as a new segment for the future of the Mauritius financial services offerings. In this time of buoyant digital revolution, the Government of Mauritius has already taken significant policy developments to position itself as a FinTech hub for Africa.



MAURITIUS AS THE HUB

The opportunities of integrating FinTech with the mainstream financial services sector in Mauritius are immense. We wish to enumerate FIVE main drivers which underpin this initiative:

- ❖ First of all, it is **important** to underline that the Mauritius IFC is one of the rare countries of Africa which consists of the highest proportion of financial literate population. The number of individuals who hold a proper bank account in Mauritius is relatively very high, as compared with other countries in Africa.
- ❖ Secondly, Mauritius harbours a significant number of financial professionals who also understand the innovations brought in by new technologies in this 4th Industrial Revolution.
- ❖ Thirdly, FinTech companies will particularly also have a very good opportunity to thrive on the international payments and remittance of monies segment of the financial services industry. FinTech has the potential to transform the ways through which financial services can be delivered and designed in Mauritius, as well as the underlying processes of payments, clearing and settlement.
- ❖ Fourthly, rapid developments in financial technology are transforming the international economic and financial landscape, offering a wide-range of opportunities. FinTech would potentially pose new challenges but Mauritius is ready to take these new challenges as our IFC can support potential growth by strengthening financial development and efficiency and bring a revolution to consumers of financial services and investors.
- ❖ Fifthly, the Government's vision is to make Mauritius a FinTech Hub for Africa. A 'FinTech and Innovation-driven Financial Services Regulatory Committee' has been set up and has as members Lord Anthony & Lord Desai, Members of the House of Lords to help Mauritius drive its FinTech strategy.

INNOVATIVE FICHTECH INDUSTRY LICENCES

The *Financial services Commission ('FSC')* has set up new licensable activities and the *Economic Development Board ('EDB')* has been entrusted with the responsibility to facilitate the issue of certain other specific licences all connected with the development of our FinTech Hub.

A short review of the available licences is provided below and the Technical Team of **APPAVOO INTERNATIONAL** will be glad to assist you and discuss the specifics of your projects.

Guidance note on Recognition of Digital Assets

Mauritius has issued a guidance note on Recognition of Digital Assets as an asset-class for investment by sophisticated and Expert Investors. In this guidance note, the FSC defines Digital Assets as any token, in electronic/binary form, which is representative of either the holder's access rights to a service or ownership of an asset. A Digital Asset, in this respect, includes a digital representation of value which:

- is used as a medium of exchange, unit of account, or store of value but which is not legal tender, even if it is determined in legal tender;
- represents assets such as debt or equity in the promoter's business; or
- provides access to a Blockchain-based application, service or product.



Custodian Services for Digital Assets



Following the recognition of Digital Assets as an asset-class for investment by sophisticated and Expert Investors, the FSC has issued a regulatory framework for the ***Custodian Services (Digital Asset) Licence***, which allows its holder to provide custody services for Digital Assets.

This regulatory framework positions the Mauritius IFC as one of the first jurisdiction globally to offer a regulated landscape for the custody of Digital Assets. Holders of the ***Custodian Services (Digital Asset) Licence*** will equally have to comply with

- (I) the applicable framework for AML/CFT, in line with international best practices.
- (II) appropriate cyber-security and cyber-resilience policies and capacities.

The governance and regulatory aspects of this new licence has been developed with reference to international consultations including discussions at the level of the ***Organisation for Economic Cooperation and Development (OECD)***

Digital Asset Marketplace

The FSC has also created the regulatory framework for Digital Asset Marketplaces which are also known as 'Exchanges'. The "Digital Asset Marketplace license" will allow the trading of 'Security Tokens'. The trading of the tokens considered as "securities" (equity tokens or hybrid exhibiting an investment function) will have to be undertaken in accordance with the relevant provisions of the Securities Act. Non-securities tokens (access tokens and cryptocurrencies) are also likely to be exchanged for fiat currencies or other digital assets at the "Digital Asset Marketplaces".



Payment Intermediary Service Licence

The **Payment Intermediary Services License (PIS)** is of interest to those who wish to operate as an online **Payment Service Provider (PSP)**. The PSP business model is becoming more of a norm in the current business environment to address the ever-increasing need of both online shoppers and online sellers to do business via the internet.

The PIS can only be applied under a **Global Business Company (GBC)** and needs the approval of the FSC to obtain such a special license. The GBC can offer merchant online services for accepting electronic payments by a variety of payment methods, including credit-card payments and bank-based payments such as direct debits, bank transfers and real-time transfers through e-banking, with a payment-intermediary licence.

The previous '**Payment Service Provider (PSP)**' licence has now been replaced by the **Payment Intermediary Services Licence (PIS)**.

Applicant for a PIS licence must be able to demonstrate Security Aspects. This can be conducted by the **Payment Card Industry Data Security Standard (PCIDSS)** which tests the security of the platform and issue a PCIDSS certificate.

The Regulatory Sandbox Licence

The Regulatory Sandbox Licence ('RSL') allows companies to carry out their FinTech projects and activities through Mauritius, even if there are no adequate legal framework in Mauritius.

The RSL will be issued by the EDB to eligible companies willing to invest in innovative projects according to an agreed set of terms and conditions for a defined period. Several Regulatory Sandbox Licences to FinTech companies for their innovative projects in Mauritius have already been issued over the last year.

The Technical Team at APPAVOO INTERNATIONAL can handle applications for Regulatory Sandbox Licences in a variety of fields, including: Crowdfunding, Peer-to-Peer lending, Cryptocurrency, Initial Coin Offering, amongst others .

However, RSL Licences are granted for a specific period of time, which actually does not exceed one year, pending the appropriate regulatory framework to regulate the FinTech company which will eventually be proposed by either the Bank of Mauritius or the FSC depending on the activity being undertaken.



Setting up an E-Commerce platform

A new licence is proposed to companies for the operation of an E-Commerce platform in Mauritius. This licence is issued by the EDB and applicants will need to satisfy certain substance conditions.

A 5-year tax holiday will be granted to applicants setting up an e-commerce platform provided it is incorporated in Mauritius before **30th June 2025**.





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