

## **Policy measures taken by the Bank of Mauritius (Bank) in response to the COVID-19 pandemic**

Link to the Bank's website: <https://www.bom.mu/media/COVID19%20Actions>

### **i. Cut in Policy rate**

- The Bank cut its policy rate, the Key Repo Rate (KRR) by a cumulative 150 basis points to 1.85 per cent (in March and April 2020) to ease the financial burden of households and businesses.

### **ii. Special Relief Amount of Rs5 Billion**

- The Bank has introduced a Special Relief amount of Rs5.0 billion at 1.5 per cent per annum, through banks to meet cash flow and working capital requirements of affected enterprises.
- On 8 July 2020, the Bank has extended the Special Relief Amount of Rs5 billion from 30 June to 30 September 2020. The repayment period has also been extended from 30 months to 48 months and the moratorium period increased from 6 to 9 months.

### **iii. Reduction of Cash Reserve Ratio**

- The Cash Reserve Requirements (Cash Ratio) was reduced from 9 to 8 percent. The amount released through this cut will be held in a special account at the Bank and will allow commercial banks to use these particular balances for any facility to be granted to any impacted economic operator.

### **iv. Support to households**

- Commercial banks have been requested to provide moratorium periods of 6 months on capital repayment for existing loans for economic operators that are being affected by COVID-19.
- The Bank will bear the interest payable for the period 1st April 2020 to 30th June 2020 on loans granted to households earning a combined basic salary of up to Rs50,000.
- All economic operators, SMEs, households and individuals who have availed themselves of moratorium facilities on loans granted by banks will not be penalized as regards the information reported at the level of the Mauritius Credit Information Bureau.

### **v. Special Foreign Currency (USD) Line of Credit**

- The Bank has introduced a Special Foreign Currency (USD) Line of Credit targeting operators having foreign currency earnings, including SMEs. This line of credit is for an amount of USD300 million and has been made available through commercial banks at 6-month USD Libor for this facility. This line of credit is in place since 24th of March 2020 until the 30th of June 2020 and repayment will be over a period of two (2) years from the effective date of disbursement.
- On 8 July 2020, the Bank informed that it is raising the amount of the line of credit to banks from USD300 million to USD500 million. This facility will be available to banks for the next 6 months.

### **vi. Swap arrangement to support import-oriented businesses**

- The Bank has introduced a USD/MUR swap arrangement with commercial banks for an initial amount of USD100 million. This arrangement will enable commercial banks to support import-oriented businesses. The swap arrangement is effective as from the 24th of March 2020 until the 30th of June 2020.
- On 8 July 2020, the Bank informed that it is increasing the amount earmarked for swap transactions by an additional USD100 million. This facility will be available to banks for the next 6 months.

### **vii. Shared ATM Services**

- During the national confinement period, fees applicable on shared ATM services have been waived to enable customers to have access to the ATM of any bank regardless of the issuer of the card.

### **viii. Easing of Banking Guidelines**

- The Bank has put on hold the Guideline on Credit Impairment Measurement and Income

Recognition, which was effective since January 2020.

- The Bank has also reviewed two of its guidelines, namely the Guideline on Standardised Approach to Credit Risk and the Guideline on the Computation of Debt-to-Income Ratio for Residential Property Loans. With relation to its Guideline on Scope of Application of Basel III and Eligible Capital, the Bank has deferred the implementation of the last tranche of the capital conservation buffer amounting to 0.625% to 1 January 2021.

**ix. Issue of a 2020 Savings Bond**

- The Bank has introduced a 2.5 per cent Two-Year Bank of Mauritius 2020 Savings Bond for an amount of Rs5.0 Billion to assist depositors to diversify their savings portfolio. The closing date for investment in the bond has been extended for a further period of 3 months ending 23 September 2020.

**x. The Mauritius Investment Corporation**

- The Bank is setting up the Mauritius Investment Corporation Ltd (MIC), as a fully owned subsidiary of the Bank to provide support through a range of equity/quasi-equity instruments in view of ensuring that domestic systemic economic operators are kept afloat during these challenging times and that jobs are preserved.

**xi. One-Off Exceptional Contribution to stabilise the economy**

- The Bank has decided to provide Government with a one-off exceptional contribution of Rs60 billion, which aims at sustaining economic activity and mitigating risks to financial stability stemming from a weakening economy.