

MAURICE LAM, CHAIRMAN OF AFRASIA BANK

# “Time for Mauritius to affirm its commitment”

“I just renewed my Permanent Residence Permit in Singapore online. It took me not more than 5 minutes to have it renewed for another 5 years.” Although it would be a mistake to copy the Singapore model of economic development, Mauritius could benefit from insights about its thinking and decision-making processes, says Maurice Lam, Chairman of AfrAsia Bank. He also affirms that on paper, Mauritius has the necessary ingredients to attract investors, but things are altogether different in reality. He also talks about the geopolitical changes prevailing, from China to America, and how Mauritius can fit in



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↳ You are primarily based in Singapore. What are your views on the economic performance of Mauritius?

I would like to qualify this view. Whilst being a resident of Singapore, my view about the economy of Mauritius is influenced by the fact that I am a Mauritian by birth. Thus, I cannot refrain myself to compare from time to time Mauritius to Singapore.

The amazing fact about Mauritius economy is that it has experienced positive growth of 3-4% per annum during the last 5 years, and a growth rate of 4% is expected this year given a very difficult global environment. Yes, we all wish that the growth rate be at 5% and above to create the employment needed. Singapore growth has been around the 1-2% per annum lately.

The challenge has been, and remains, the relatively high unemployment rate, particularly among the younger segment of the work force. You know the causes. Yet, in my opinion, there has not been a serious national effort to address this challenge. Singapore's mantra is “Jobs are the best welfare” for the population and I am comforted that all the economic actors are attempting to find new engines of growth for the economy and the most encouraging sign is the efforts to enlarge the economic space of the country to encompass the African continent and South and South East Asia. This will take time and there are risks that government can assist to mitigate.

↳ From an external perspective, what do investors expect from Mauritius?

Mauritius has major strengths: a vibrant private sector and a pro-business government. Whichever party is in office, a collaboration of the public-private sectors, and an awareness of the three pillars of society – government, private sector and unions – is a need to ensure social harmony. This does not mean that there has not been, and there would be, difficult negotiations, but the

final result is to reach solutions that ensure social harmony. The whole country has to come together to make Mauritius attractive to investors.

It has a solid hybrid legal system of Code Civil and Common Law, which is a competitive advantage when doing business on the African continent. The Privy Council as the ultimate Court of appeal is also a definite plus to investors.

On paper, Mauritius has the necessary ingredients to attract foreign investors. Unfortunately, the reality on the ground can be at times very different. It is still not yet smooth sailing to start a business in Mauritius as it is relatively a small country. There is room to reduce the number of parties that one has to deal with to get one's business started. Just an example, banking is regulated by the Central Bank. But a bank has also to deal with the FSC. It would be much simpler to have the financial services be regulated and supervised by one regulatory body. Singapore has a much larger financial services industry but one regulator: the Monetary Authority of Singapore.

Another area where there is room for improvement is the area of employment of foreign professionals. It is not a practical process and is lengthy.

There can also be improvement at the immigration counters services at SSR Airport. This is the first point of contact with Mauritius.

In Singapore, application for employment for a professional is done online, with all documents submitted online, and the applicant does not need to be physically in Singapore to apply. The approval for Employment and Residence Permit is granted online, which facilitates the travel and entry into Singapore. The successful professional is required to report to the Authority once in Singapore to obtain his/her Residence Card.

Similarly for the process concerning Permanent Residence Permit. As an example, I just renewed my Permanent

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which is centered on the Person (as a Human being) and Society at large. Companies at the forefront of this movement are technology ones like Google and Apple.

Regarding the US, one needs to focus on the likely policies that the Trump Administration will be enacting and implementing: a competitive tax regime, less regulations and massive investment in infrastructure. Its policy on trade is still unclear. One needs not be distracted by the twitter messages or the fight against the mainstream media.

**Q** How can we position ourselves in the middle of these changes?

My attitude is to embrace this current wave while being prepared to constantly evaluate objectively as much as possible events happening and be ready to cope with the generally unexpected events (most of the media and opinion polls had the incorrect expectations) like the Brexit vote and the Trump's presidency.

Mauritius has enough smart and experienced persons in both private sector and government to navigate during this period as they have done in the past. I am sure they know what to do.

This is a time for Mauritius to affirm its commitment to be an open economy – welcoming both foreign talents and capital and embracing free trades by signing one-to-one free trade agreement with countries like Australia, Sri Lanka and Bangladesh, in addition to China and India. As China is rebuilding the

Silk Road, it is time for Mauritius to seriously build what used to be the Spice Road; linking South and South East Asia to Europe via Africa. Mauritius has a vast area of maritime territory, which remains untapped.

At the same time, it is time for the country to allow more young persons to be involved in the crafting of policies and decision making in the management of public and private sector organizations under the mentoring of experienced and older persons. They understand and are familiar with Internet related technologies, social media and social networks. The world is becoming more and more a world of networks. They can assist and support the integration of Mauritius in the global connectivity of networks.

**Q** Given the technological advances and research and development around the world, how to interpret the fact that we are lagging behind? Is it simply a lack of skill, creativity and Private Sector support or a question of governmental will?

In my opinion, Mauritius is not lagging behind. It is a question of degree and scale and it depends on how you look at it. Mauritius has a small population. Most of its best brains who can afford it prefer to undertake university studies outside Mauritius and many decide to work overseas. So we have to recognize that Mauritius is not retaining many of its best brains. How to attract

back these native human talents is a challenge that must be addressed.

We also do not have yet the necessary ecosystem – good research tertiary level institutions, angel investors and venture capital, solid protection of intellectual property, excellent and cheap internet connectivity and the proper mind-set – families encouraging their children to embrace entrepreneurship and launching new business ventures, the collaboration spirit, and accepting failures as events that could and will happen and no stigma is attached to it.

**Q** At the banking level, some local banks choose to appoint foreign CEOs.

Does this mean that we also have a lack of competency and talent at this level?

Today banking is global. Mauritian banks have embarked on a regional expansion and is rightly doing it. Banking clients come from Europe, North America, Asia and Africa. Therefore, banks need to hire the best human talents they can afford to be competitive at both the regional and global level. Having foreign CEOs is normal as the country's human talents in banking still lack the breadth and depth of experience of working in foreign financial centres like London, Mumbai, Singapore and Hong Kong. Hopefully as more and more Mauritian nationals gain these international experiences, they would be attracted to return to motherland.

**Q** AfrAsia Bank recorded an "operating income" of Rs 1.3 billion last year, against Rs 900 million the previous year. After-tax profits also improved. Are you expecting a better performance this year?

As you know, the banking environment in Mauritius and internationally has been and continues to be difficult. However, AfrAsia has navigated nimbly and purposefully this ocean of uncertainties which is being shown in the financial results so far. I feel comfortable and confident that the Management and the team will bring us to safe harbour this year.

**Q** The Zimbabwean adventure ended in 2015 for AfrAsia Bank. Is there any other African adventure in the 'pipeline'?

Yes, we terminated our physical presence in Zimbabwe, but AfrAsia is still focused on growing its African business. Let me remind you that the bank's name says it all: 'AfrAsia' ambitions to capture this massive flow of capital between Africa and Asia. It has representative offices in Johannesburg and Cape Town. The Bank continues to cover other countries on the African continent from both South Africa and Mauritius. It also covers Asia, like India, out of Mauritius and is already doing business in South-east Asia, specifically in Cambodia through the subsidiary of National Bank of Canada there.

Residence Permit in Singapore online. It took me not more than 5 minutes to have it renewed for another 5 years.

Finally when will we make it easy to go through Immigration at SSR Airport? Why this type of questioning such as: why are you in Mauritius? I am here to attend a board meeting. Do you have your return ticket? Where are you going to stay?...

On one of my previous trips, I had a business partner traveling with me, who went through similar lengthy questioning on arrival. He had a very bad impression of the country at the beginning of his trip, which was difficult to change subsequently. Can this customer experience be improved where we adopt a more investor-friendly approach?

**Q** Mauritius likes to take inspiration from Singaporean model. In your opinion, where are the gaps in our approach?

In my opinion, Singapore model is unique as it was developed and adapted to Singapore's unique geographical position and to respond to the global environment at different periods of time. As such it would be, in my opinion, a mistake to copy the Singapore model of economic development. However, it could provide interesting insights if we could understand and learn about the thinking and decision-making processes that went into the development of the Singapore model. One key element of this is the forward-looking mindset which, in certain areas, is as long as 50 years.

**Q** On a geopolitical level, how do you see things? There are so many things happening in America (Trump), Asia, India, England (Brexit)...

We are living in a very interesting and, at the same time, challenging period. It appears that we are moving with a big wave of global development that started with the rise of capitalism characterised by the free market economy doctrine, from the collapse of the Soviet Union, to the rise of China as an economic power and increasingly projecting more and more its political force, now the apparent rise of the general populism, characterized by those who did not get the full benefits of or suffered from globalization.

Governments, but more crucially business leaders, need to ride this wave and respond to the challenges of this period. I am confident we are going to find solutions in the long-term but it could be a bumpy road ahead during the next few years. Governments could change as we have seen in the United States. Thus, the risks for those governing a country have increased.

My confidence is based on the fact that capitalism will continue to thrive as there is an increasingly raising consciousness among business leaders and entrepreneurs regarding the pressing need to have a model of capitalism