

INTERNATIONAL CONFERENCE ON PRIVATE PENSIONS 2020

**Opening Remarks of the Honorable Mahen Kumar Seeruttun, Minister of Financial Services and
Good Governance, Mauritius**

27 February, 09h00

Mr André Laboul, Senior Counsellor, Special Financial Advisor to the G20 Sherpa, OECD, and Secretary General of the IOPS

Mr Ambrogio Rinaldi, Director, Pensions Fund Supervision Commission, Italy, and Chairperson of the OECD Working Party on Private Pensions

Ms Helen Rowell, Deputy Chair, Australian Prudential Regulation Authority, Australia and **IOPS** President

Mr Brendan Kennedy, CEO, Pensions Authority, Ireland and Chairperson of the IOPS Technical Committee

Mr Rajeshsharma Ramloll , Vice-Chairperson of the Financial Services Commission, Mauritius

Distinguished Representatives of IOPS

Chief Executives and Representatives of International Regulatory Institutions

Captains of industry

Distinguished Guests and participants

Ladies and Gentleman

All protocols observed

Good morning.

I am delighted to be here this morning to talk to you at this important event before such an impressive gathering of international experts.

I wish to start by congratulating the International Organisation of Pension Supervisors for successfully bringing together this formidable line-up of distinguished professionals who have travelled from far to share experiences from varying perspectives.

I understand that we have peers, experts, academics and influencers in the field from over 80 jurisdictions.

Ladies and gentlemen,

On behalf of Government, I wish to thank IOPS, represented by its President, Helen Rowell, as well as its Secretary General, Andre Laboul, for handpicking Mauritius to host this conference.

I can tell you that you are in the right place, at the right time for Mauritius has made considerable progress in implementing a regulatory regime which promotes good governance, fairness and transparency in the private pensions sector.

Our Private Pension Schemes Act, which was enacted in November 2012, provides a comprehensive legal framework that aligns itself with international standards, including the IOPS Principles.

We are committed to maintaining a fair, safe, stable and efficient private pension industry in Mauritius, which promotes confidence and stability in the financial sector which, in turn, goes a long way in maintaining our good repute as an International Financial Centre.

I reiterate, **Ladies and Gentlemen**, that IOPS was right in choosing Mauritius because we have made and we are making good progress in implementing a regulatory regime which promotes good governance in the private pensions sector.

To ensure the sustainable growth of the pensions industry and to overcome the challenges of an evolving market environment, it is important that pension funds are properly administered and managed.

As you are aware, many factors contribute to good governance of pension funds: appropriate structures, well defined accountabilities, policies and procedures, competence of governing bodies, to name a few.

We cannot over-emphasise the fact that good management of funds directly impact on performance and as Minister of Financial Services and Good Governance I will ensure during my tenure that the regulator implements timely policies and regulations to ensure proper governance of pension schemes.

Ladies and gentlemen,

As many of you present here are already aware, Mauritius has a multi-pillar retirement protection model.

We have a mix of both public and private retirement systems with responsibilities shared among the State, employers, and employees.

In this respect, last year, the Government of Mauritius introduced the Portability Retirement Gratuity Fund by enactment of the Workers' Rights Act.

The objective of this policy is to ensure that a worker who retires benefits from the payment of a retirement gratuity for his length of service with the current employer at the date of coming into operation of the Fund as well as for his length of service with any future employer, contrary to the previous

retirement regime whereby the retirement gratuity was computed on his length of service with his last employer only.

I believe that your presence with us in such great numbers and at such elevated levels bears testimony to the fact that we are doing many things right in Mauritius and becoming an example to emulate in the region.

Ladies and gentlemen,

All of you present here shoulder a very important responsibility - you are helping to deliver on pension promises with as much certainty and as safely as possible.

Indeed, it is a tall order in this present age! The International Labour Organisation has been reiterating that the most significant portion of the world's population is not covered by pension schemes capable of providing adequate retirement income.

To put it simply, much of the world's population is exposed to the risk of poverty in old age.

Access to adequate pension in retirement age is the basis of properly functioning labour markets and healthy economies.

The challenge of extending coverage is a shared responsibility of the state, regulators, employers and employees.

I am happy to see on the programme that you shall have a session dedicated to sharing notes on activities from your respective parts of the world aimed at increasing coverage of private pensions.

There is much to be said, **Ladies and Gentlemen**, on the future of our citizens who are serving in informal sectors.

In some of our jurisdictions, the problem is more pronounced than others.

Research is showing that labour markets are not showing marked improvement towards inclusiveness of the informal sector.

The present situation calls for adapting contributory schemes to different forms of employment.

This Forum will give us the opportunity to critically engage on the coverage of pension schemes which is unfinished agenda for most of us here despite best endeavours of our political establishments, policymakers and regulators.

Ladies and gentlemen,

We can generally say that the goals of most people working are to buy a house and plan for retirement.

In the first case, the system is working well and allowing us to reach that goal with much certainty. Dates and amounts are certain. There is predictability.

However, when we are saving for life after work, the story is different. We no longer have such a system that would allow us to save and have the lifestyle we would wish when we put our feet up.

And, the problem is much more alarming for our younger generation.

While those retiring today or nearing retirement have regularly invested, let's say around 15 % of their income in a pension scheme, they are more or less guaranteed to get a healthy return.

On the other hand, Generation X and millennials are bound to see a significant decrease in their standard of living at retirement because they are saving less and are coming of age in an era when private pension plans are getting increasingly scarce.

So, we have a great responsibility, **Ladies and Gentlemen**, to restore and enhance savings.

As regulators, we have a duty to raise the awareness of the new generation of what awaits them.

We have a duty to educate. We have a duty to safeguard lifelong savings of people who may not be conversant with financial services.

In addition to education, it is the duty of regulators to ensure that schemes are well regulated and supervised in order to ensure their reliability as well as to safeguard the best interests of those who are working hard and saving for retirement.

We have a responsibility to create such conditions for the money of our people to grow savings and maximize returns.

We have a responsibility to bring sustainability and a measure of long-term certainty amidst an uncertain backdrop.

We have a responsibility to create such conditions and supervisory tools that will ensure long-term financial sustainability of pension schemes and policies that will help preserving financial security of beneficiaries at retirement.

Such responsibilities, **Ladies and Gentlemen**, are putting higher demands on governments.

You will all agree that supervisors are buckling under the strain to ensure safety of pension assets and protect interests of beneficiaries.

And, we all agree that challenges are swelling amidst current financial and demographic environments.

Challenges arise from shifts in social policy considerations to more economic policy considerations, from defined benefit pension funds to defined contribution alternatives.

Pensions systems are under tremendous pressure amidst historically low interest rates and modest investment returns which are weakening long-term solvency and exacerbating underfunding.

Moreover, with a greying population, rising life expectancy, dwindling fertility rates and an unchanged retirement age, governments around the world are considering how to engineer pension systems that are sustainable for current and future generations of pensioners by promoting measures such as longer working lives and later retirement.

This congregation gives an important opportunity to share reform experiences, reform successes, current problems and anticipated challenges.

The occasion calls for sharing of best practices and insights in respect of allocations into alternative asset classes as well as innovative strategies such as the sustainable investment market which seeks combined financial returns with a social and environmental impact.

Ladies and gentlemen,

There has been much talks this week following outcomes of the Financial Action Task Force (FATF) Plenary Meetings in Paris last week.

I take the opportunity of this address to share with you the outcome for Mauritius.

Many of you here will know that this Government had embarked on an extremely ambitious exercise to overhaul the AML/CFT legal framework to ensure compliance with the FATF standards.

From being largely compliant or compliant in only 14 out of the 40 recommendations, in only one year we were rated technically compliant and largely compliant with 35 out of 40 recommendations including the Big Six ones!

FATF, ESAAMLG and the international community have recognised the significant progress we made in a short period of time.

Last week, FATF highlighted substantial progress we made on a number of counts and provided an Action Plan of 5 recommended actions whereby we need to show progress by September 2021.

We have made a high-level political commitment to achieve these action points swiftly.

I would like to say here that Government is highly appreciative of the support of international organisations such as the OECD and IOPS.

We are thankful for your support in building and strengthening our institutions and we are grateful for your support in enhancing operational effectiveness.

We look forward to your continued support and collaboration standing by Mauritius as we compellingly position ourselves as a highly competitive and reputable International Financial Services Centre at par with the more established jurisdictions.

I cannot end without mentioning appreciation to the Australian Prudential Regulation Authority (APRA) represented by its deputy Chair, Ms Helen Rowell, for agreeing to enter into an MoU with the FSC setting out the framework for co-operation in areas of common interest.

Such MoUs, **Ladies and Gentlemen**, are very important for us in fostering greater collaboration as well as furthering policy dialogues with international counterparts.

Ladies and gentlemen,

In closing, I would like to reiterate how vital a role you play in building trust in the pensions industry.

Not only are pension funds one of the largest institutional investors and important players in the quest of future economic growth, but those who have worked hard and saved for their future retirement in these pension funds, must have confidence in the regulatory system and trust that their schemes are well managed and protected.

I wish you successful, enjoyable and memorable meetings and encourage you all to draw on the wealth of knowledge of the speakers as well as the rich experience of your fellow participants.

I hope you will take away not only fruitful outcomes of these meetings but also pleasant memories of your stay with us.

I trust the organisers have left ample time in your schedule so that you can enjoy your time in Mauritius.

I declare the Conference open and thank you for your kind attention.

Honorable Mahen Kumar Seeruttun

Minister of Financial Services and Good Governance, Mauritius