



# PRESS RELEASE

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## **SIGNING CEREMONY OF THE MEMORANDUM OF UNDERSTANDING BETWEEN THE BANK OF MAURITIUS AND CENTRAL BANK OF KENYA**

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The Central Bank of Kenya (CBK) has today signed a Memorandum of Understanding (MOU) with the Bank of Mauritius on cross border supervision and information sharing. The MOU was signed by Professor Njuguna Ndung'u on behalf of the Central Bank of Kenya and Governor Rundheersing Bheenick on behalf of the Bank of Mauritius.

The MOU sets forth a statement of intent between the Bank of Mauritius and the Central Bank of Kenya to establish a framework for mutual assistance, cooperation and the exchange of information in the fulfillment of the institutions' respective supervisory responsibilities. The objective of the MOU is to enhance the sharing of supervisory information between the Bank of Mauritius and Central Bank of Kenya. The MOU will govern areas of mutual cooperation and collaboration and also help define and guide the working relationships in addition to enabling the smooth exchange of supervisory information between the two institutions. In essence, the MOU will provide a formal basis for banking supervisory cooperation between the two institutions.

The signing of the MOU has been necessitated by the growing trend of cross border activity as financial institutions are increasingly choosing to set up across borders. Mauritius and Kenya are both major financial hubs on the Eastern Coast of Africa. Mauritius is a renowned international financial center for its offshore financial services. Likewise, Kenya is increasingly, due to its leadership in the mobile money transfer services, becoming the Silicon Valley of Africa. As it currently stands, there is one Kenyan bank with a stake in a Mauritian banking institution with others expressing interest to following suit. Similarly, Mauritian Banks have direct and indirect commercial activity with our Kenyan institutions. This cross border activity has called for greater international cooperation and it is envisaged that this MOU will assist in this process and will enhance supervisory cooperation between the Central Bank of Kenya and the Bank of Mauritius.

The global financial crisis has reinforced the importance of effective dialogue and collaboration between banking supervisors. Indeed, one of the biggest lessons of

the financial crisis has been the need for enhanced regulation of financial institutions. In line with international best practices and recommendations of the Basel Committee on Banking Supervision, both central banks have been seeking to enhance their relationship with other foreign regulators with a view to promoting cross border banking supervisory cooperation.

In this regard, Central Bank of Kenya has been in negotiation with a number of foreign banking sector regulators to establish cross border cooperation and supervisory relationships. MOUs have already been signed with the banking sector regulators of the East African Community member states (Tanzania, Uganda, Rwanda and Burundi), the South African Reserve Bank and the Central Bank of Nigeria. Discussions are also going-on to enter into MOUs with other foreign banking sector regulators. An MOU has also been signed with the domestic financial sector regulators namely, the Capital Markets Authority, Insurance Regulatory Authority and the Retirement Benefits Authority.

The Bank of Mauritius has on its part entered into MOUs with other foreign banking regulators namely, the Financial Services Commission of Jersey, the Commission Bancaire Francaise, the State Bank of Pakistan, the Bank of Mozambique, the Banking Supervision Department of the South African Reserve Bank, the Central Bank of Seychelles, the Hong Kong Monetary Authority and the Bank Negara Malaysia. The Bank of Mauritius has also signed MOUs with domestic financial sector regulators namely, the Financial Services Commission, the Mauritius Revenue Authority, the Central Statistics Office, the Financial Intelligence Unit and the Competition Commission of Mauritius.

In conclusion, the signing of this MOU will bring about enhanced cooperation between the Bank of Mauritius and the Central Bank of Kenya and will facilitate an efficient exchange of information. Such coordination and communication is no doubt the basis for promoting robust risk management practices and developing sound supervisory standards.

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For further details please contact:-

- (i). Communications Office  
Tel.: +254-020- 2861395/2861372/2863940  
Email: [comms@centralbank.go.ke](mailto:comms@centralbank.go.ke)
- (ii). Mr. Samson Burgei  
Tel.: +254-020-2861371  
Email: [burgeiSK@centralbank.go.ke](mailto:burgeiSK@centralbank.go.ke)