



“We are **ONE of the few banks in Mauritius that genuinely understand Africa”**

Ravneet Chowdhury

CEO, Bank One

Ravneet Chowdhury, CEO of Bank One, talks about his achievements since joining the bank. He also speaks of the challenges facing the local banking industry and opportunities offered by the African Continent. Ravneet Chowdhury predicts 2020 to witness a correction in the financial market. “2020 might be the year that marks this turning point”, he says.

Ravneet Chowdhury, you are the CEO of Bank One since 2013, what have been your main achievements so far?

Amongst the key things achieved, we've positioned Bank One as a key player in the local market. We also ramped up new products and established our private banking platform, which is amongst the best on the market today. We have also increased the visibility of the bank dramatically. We are a well-known bank on the island now and are also

more visible internationally. Bank One is a key player in Africa, we are one of the few banks in Mauritius that genuinely understand the continent, does business and has partnerships in Africa through I&M Holdings PLC and CIEL Group.

What can you say about Bank One's performance for the first semester of 2019?

I am very pleased to report that we had a strong performance in the first semester of 2019. Business has been

good, risk has been managed well. We are showing very strong growth and I hope that we can report some good numbers to you by the end of the year.

How is Bank One coping with the digital transformation of the banking industry which is happening worldwide?

That's a very topical issue and Bank One's journey on the digital side has been very exciting so far. We are making a lot of investment in our core infrastructure; we are ramping



the entire customer journey and experience and hope to deliver really good quality products in the time to come. It's all about enhancing the customers' experience, reducing costs for the bank and having information on the customer that can lead us to serve better. That's the paradigm we are following to engage in our digital journey.

What are the other challenges faced by the local banking industry?

Whilst the GDP growth rate in Mauritius is about 3,8%, we do find that the local economy does not show much momentum. There is not much investment coming into the local economy and that means lesser projects for banks like us to engage with. We are seeing far more growth on the international banking side and less on the domestic side. We would like to see more Foreign Direct Investment (FDI) in the local economy so that it can kick-start more businesses, provide more jobs and give more investment opportunities for banks.

There's a persistent issue in the local banking sector, which is the excess liquidity. What are your views on that?

There is a structural imbalance with regards to foreign exchange flows. We have witnessed a lot of foreign exchange coming into Mauritius mainly for property purchases. Whilst the Central Bank has done an excellent job in trying to mop up the excess liquidity, there is more interest in buying property in Mauritius. Consequently, the Central Bank is caught in a tight spot where on one hand, they need to maintain a competitive exchange rate, and on the other, mop up this excess liquidity in the system. They have done a great job to contain it. The excess liquidity was Rs 20 billion-plus formerly and is down to around Rs 10 billion now. I think it is something the Central Bank

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is looking at and managing well. **For some observers, banks are too prudent and not lending enough?**

That is not true. If you take a look at the balance sheets of most banks, you'll find there is a growth on the assets' side of the book. Unfortunately, the growth is led more by international business and less by local business, largely because there are lesser opportunities to lend in the local market. The excess liquidity is not the result of banks not lending enough.

Does it mean that the domestic banking market is saturated?

Not really! We are growing at 3,8% GDP but to kick-start the economy, we need to push up the growth rate. It needs to grow by 6 to 7% to move us from middle income to higher-income status. There is a structural shift required in the economy.

What about Africa?

Africa has had amazing growth in the last few years. It is slowing down a little bit because of the oil price situation and the general slow-down globally. We believe Africa still presents a lot of potential and opportunities. We ourselves do a lot of business in Africa and see a bright future for the continent. From where we are sitting in Mauritius, we have a great opportunity to exploit that.

Which countries are offering more prospects?

East Africa is a block that has done well and has the opportunity to do well in the future. In West Africa, certain countries can do very well. So, it's a mixed bag. It all depends on how commodity and oil prices move and also a question of good governance. In Rwanda, we see excellent growth and developments as a result of good governance. There will always be countries that do better than others and we would like to focus there.

What is your outlook for 2020?

2020 is going to be a tough year for the global economy. There are a lot of headwinds from a political, social and economic point of view. The trade war between China and the United States, internal politics in the US, Brexit - all these are not helping things. Investors like certainty and stability. Unfortunately, they are not able to provide investors that in this particular context; coupled with the fact that asset markets have had a great run in the last eight to ten years ever since the 2008/2009 financial crisis. There has been dramatic growth in the equity markets and the bond market has done well. It is possibly time for a correction and I believe the political and social-economic situation might lead to a correction in the financial market before everything can start moving back up again. 2020-2021 might be the years that mark this turning point.