

# Financial Services Authority

# Newsletter



**Mission:** To jointly create a conducive environment for the growth and development of the financial services industry of Seychelles, in alignment with the national economic development strategy and in strict compliance with local and international regulatory norms and best practices.

## Message from the CEO



Welcome to the final edition of the Financial Services Authority newsletter for the year 2017.

In December 2017, I was honored to have been appointed as the Chief Executive Officer of the FSA. With the newly appointed Deputy Chief Executive Officer, Ms. Zenabe Daman and the Management team,

I believe that we can take great strides in addressing the challenges that will come our way. I thank the previous Chief Executive Officer, Ms. Jennifer Morel for her hard work and dedication and look forward to continuing and enhancing the fantastic work that she has done.

I have a clear vision for the future of the non-bank financial services sector and of the FSA. I visualize a thriving industry that is resilient in the face of international pressures and that evolves with each challenge whilst growing into a key pillar of the economy. This nevertheless cannot only be accomplished by the dedicated staff of the Financial Services Authority. The commitment of all stakeholders, both private and public, is essential. Everyone must have a voice in this process and must take ownership of the development of this sector.

As Henry Ford stated, *"Coming together is a beginning; keeping together is progress; working together is success."*

I thank the staff of the FSA for their hard work, the Board of Directors for the guidance and our stakeholders for their support. I look forward to 2018.

Happy New Year!

*Dr. Steve Fanny*  
Chief Executive Officer

## Launching of the National Financial Education Strategy to Stakeholders

The Financial Services Authority ("FSA"), in collaboration with the Central Bank of Seychelles ("CBS") officially launched the National Financial Education Strategy ("NFES") to stakeholders at the Savoy Resort & Spa, on Wednesday 13th December, 2017.

The NFES is a project funded by African Development Bank ("AFDB"), and is a product of the findings of the baseline survey on financial literacy which was conducted across the Seychelles in 2016. The baseline survey provides an understanding on the level of financial literacy in the country, and has informed the development of the strategy.

For the launching of the NFES, the Deputy Governor of the CBS, Mr. Christophe Edmond stated, *"The Vision under the National Financial Education Strategy is for Seychellois to display improved levels of financial capability, enabling people to take responsibility for their own financial well-being by better managing their personal finances. This will result in the increase in asset building, long-term financial security, risk management and responsible financial practices in a competitive client-centric financial sector."*

In his speech, the CEO of the FSA, Dr. Steve Fanny further supported Mr. Edmond statement that financial education is crucial to the development of the Seychelles. Dr. Fanny also reinforced the commitment of the FSA to this initiative and shared an inspiring quote by John Dewey, *"Education is not a preparation for life, education is life itself"*.

The launching of the strategy was followed by a workshop, whereby the participants were assigned to four distinct working groups reflecting four segments of the market, (i) Adults; (ii) Youth; (iii) Micro, Small and Medium Enterprise owners Farmers and Fisherman; and (iv) The socially and financially vulnerable. Within the working groups, participants were able to discuss the way forward on the implementation of the strategy.

The CBS and the FSA look forward to working in close collaboration with the working groups for this new and exciting initiative.

## FSA signs MOU with the Central Bank of the Russian Federation

The Financial Services Authority of Seychelles ("FSA") and the Central Bank of the Russian Federation ("Bank of Russia") entered into a Memorandum of Understanding ("MOU") on the 29th of November, 2017. The MOU was signed by former Chief Executive Officer of the FSA, Ms. Jennifer Morel, and Mr. Sergey Shevtsov, First Deputy Governor of the Bank of Russia.

The MOU sets the framework for mutual understanding and corporation between the Authorities. This will assist both Authorities in promoting investor protection and supervision of financial products and activities within their respective jurisdiction.

The FSA and the Bank of Russia regulates and supervises the Insurance Industry. The Authorities appreciate the importance of compliance with the International Organisation of Securities Commissions' ("IOSCO") Objectives and Principles of Securities Regulation, the International Association of Insurance Supervisors ("IAIS") Insurance Core Principles, and the Financial Action Task Force ("FATF").

The MOU will serve to promote the integrity, efficiency and financial soundness of licensed entities by improving the effective regulation and creating an environment conducive to the prevention of fraudulent and other prohibited practices in the Republic of Seychelles and the Russian Federation.

The FSA welcomes the signing of the MOU and is convinced that the development of the synergy between the authorities will bring forth great benefits to the Seychelles Financial Services Industry.

## FSA and Insurers launch program to fight Insurance Fraud

The Financial Services Authority (FSA) launched a program to fight fraud so as to protect insurance consumers and policyholders. Developed by the FSA, in cooperation with the Insurance Association of Seychelles and the Seychelles Police, the program addresses the form, causes and impact of fraud on the insurance industry and policyholders' premium costs.

Insurance fraud undermines confidence in the insurance sector and increases premium costs when someone is paid insurance money they are not entitled to. As the insurance sector grows, so does the potential for fraud. Insurers find themselves continuously reassessing their processes and policies to manage and mitigate the threat of fraud. Early detection and prevention of fraud contributes to the soundness of the financial system in general and the insurance sector in particular.

Insurance fraud occurs when people deceive an insurance company or insurance professional to collect money to which they are not entitled. It is a criminal act requiring a material and intentional misrepresentation in order to obtain a benefit. At present, there are three categories of insurance fraud namely; internal fraud, policyholder and claims fraud and intermediary fraud. Intermediary fraud is committed by intermediaries (brokers, agents or sub-agents) against the insurers or policyholders and would include misrepresentation whereby the wrong information is intentionally given to the intermediary. Policyholder fraud and claims fraud are against the insurer during the purchase or execution of an insurance policy. Internal fraud is committed against the insurer by an employee. Each warrants attention not only because of its direct financial impact, but also because of reputational risk, supervisory requirements and ethical considerations.

The FSA recognizes the importance of the insurance industry in this initiative. New requirements have been put in place to allow insurers and intermediaries to have well-defined fraud monitoring and control policies with procedures for fraud detection, mitigation and reporting. Insurance companies and intermediaries will be required to deter, prevent, detect, report and remedy fraud. This includes documenting all suspected instances of fraud and referring them to the Seychelles Police Commercial Crime Unit and reporting to the FSA on such matters.

Members of the public can join the fight against fraud, and help keep premium costs down, by reporting fraudulent accidents, claims, or other behavior by:

Emailing: [ins.fraud@fsaseychelles.sc](mailto:ins.fraud@fsaseychelles.sc)

Writing: **FIGHT FRAUD**  
c/o the Financial Services Authority  
Bois de Rose Avenue P O Box 991  
Victoria, Mahe'

Calling: 4380 800

All reports will be treated confidentially.

The Financial Services Authority looks forward to the cooperation of the general public in ensuring the success of this initiative.

## FSA Changes Leadership

On December 1<sup>st</sup>, 2017 Dr. Steve Fanny was appointed as the new CEO of the FSA and Ms. Zenabe Daman as the Deputy CEO.

Both appointments follow the recommendation of the Board of Directors of the FSA.

Dr. Fanny brings more than 10 years of experience in the field of financial services to his post. From July 2007 to March 2012 he occupied the post of CEO of the FSA, then known as the Seychelles International Business Authority ("SIBA"). In March 2012, he was appointed as the Chairperson of the FSA Board of Directors, a position which he held until mid-July 2017.

It is the first time ever that the Authority welcomes a Deputy CEO. Ms. Daman is not new in the field and has more than 10 years of experience within the financial services industry. She previously worked for the FSA from October 2004 to May 2015.

The staff of the FSA welcomes and wishes both Dr. Fanny and Ms. Daman success in their new positions.



## Seychelles promotes Financial Services Sector at the 7<sup>th</sup> China Offshore Summit

Seychelles has taken part in the China Offshore Shanghai Summit for the third time, with a delegation consisting of representatives from the FSA, Seychelles Investment Board (SIB), Trop-X, Seychelles International Financial Services Association (SIFSA) and the Department of Investment. The delegation was led by the Minister of Industry, Entrepreneurship Development and Business Innovation, Mr. Wallace Cosgrow. Its third participation was facilitated by the SIB in partnership with other stakeholders in the industry. The Summit, which took place from the 31<sup>st</sup> October to 2<sup>nd</sup> November, was held at the Grand Kempinski Hotel in Shanghai and hosted Chinese investors and financial services providers.

Over the three days of the summit, members of the delegation Minister Cosgrow, Mr. Suketu Patel, the Chairman of the FSA; Mr. Gilbert Lebon, the chairman of the SIB; Dr. Steven Fanny, the Principal Secretary of the Department of Investment at the time; Mr. Bobby Brantley, the Chief Executive Officer of the Securities Exchange Trop-X; Mr. Kenny Roberts, the Director at the Department of Investment; gave various presentation about the Seychelles. The areas of focus were immigration by investment, wealth management and corporate structuring. Potential investors were welcomed. As part of the summit, Seychelles also hosted a special VIP dinner to introduce the country as an investment hub for the Chinese financial sector and to attract High Net Worth Individuals (HNWI) to participate in efforts to diversify the economy of Seychelles.

Seychelles intends to take part in other international financial services forums in the coming year and to facilitate investment into the jurisdiction.



## FSA signs MOU with Gambling Commission of Alderney

Being the regulator of casino, slot machines and interactive gambling businesses in Seychelles under the Seychelles Gambling Act 2014, the FSA continuously seeks opportunities to enhance its expertise in the gambling industry by engaging in capacity building and benchmarking missions, as well as by establishing cooperative relationships with various gambling Authorities from jurisdictions around the world.

On the 9<sup>th</sup> September 2017, the FSA embarked on an overseas' benchmarking mission to the Alderney Gambling Control Commission (AGCC), Alderney. AGCC, being the regulator of gambling activities in Alderney possesses vast experience in the regulation of interactive Gambling, has a robust legal framework and application process and is one of the reputable interactive licence jurisdictions. With its robust legal framework and application process, the FSA and the AGCC have entered into a Memorandum of Understanding (MOU), with the purposes of mutual assistance and





exchange of information. The MOU was signed by Ms. Jennifer Morel, the Chief Executive Officer of the FSA at the time, and Mr. Jorn Starck, the Executive Director of the AGCC.

With the growing globalization of gambling services, the two financial regulators recognize the importance of establishing a framework of mutual cooperation and consultation to ensure compliance to relevant laws and facilitation of performance of their respective regulatory functions. The signing of the MOU represents a continuous relation between the two institutions and formalizes the willingness of the FSA and AGCC to cooperate in the interest of fulfilling their respective functions and responsibilities.

The FSA welcomes the signing of the MOU as it marks an important step towards the strengthening of its regulatory functions

### **FSA signs MOU with Insurance Regulatory Authority of Kenya**

On Tuesday 5<sup>th</sup> September, 2017 the Financial Services Authority (FSA) and the Insurance Regulatory Authority of Kenya (IRA) signed a Memorandum of Understanding. The document was signed by the preceding Chief Executive Officer of the FSA, Ms. Jennifer Morel and the Acting Chief Executive Officer of the Insurance Regulatory Authority (IRA) of Kenya, Mr. Godfrey K. Kiptum. The signing was witnessed by the Chairman of the FSA, Mr. Suketu Patel and Hon. Abdirahin H. Abdi, the Chairman of IRA.

Whilst the FSA is the regulator for the non-bank financial services in Seychelles which includes the supervision and regulation of the insurance industry, the IRA is the regulator for insurance business in Kenya. Consequently, the MOU recognizes the importance of international cooperation for the development and maintenance of open, fair, orderly and sound domestic insurance industries in Seychelles and Kenya as well as the benefits of mutual cooperation. Primarily, the MOU will facilitate the sharing of information, including requests for assistance for regulatory or supervisory purposes.

Following the signing, the Kenyan delegation are in discussion with the FSA to finalize the 2018 Technical Assistance Plan which would include the IRA providing assistance with an electronic regulatory system to enable online licensing and reporting by the industry to the FSA.

The FSA welcomed the MOU as it would provide the Authority with assistance in terms of developing its supervisory framework. Mr. Godfrey K. Kiptum expressed the hope that the MOU would bring the two



### **Financial Stability Committee Discussion**

The third and fourth meetings of the Financial Stability Committee were held on the 22nd August 2017 and the 6th December 2017 respectively.

In the third meeting, the Financial Stability Committee observed that the overall domestic financial system is currently stable. Nonetheless, close monitoring is essential. The issue of de-risking and the withdrawal of correspondent banking relationship had been a key point of discussion and remained of significant importance. Moreover, an increase in dialogue with various correspondent banks was reported, as the Seychelles is committed to complying with international best practices. The committee additionally discussed the status of the National Risk Assessment of Money Laundering and Terrorist Financing, a process supported by the World Bank.

In the recent meeting held on 6 December 2017, the committee further elaborated on the need to boost communications with the correspondent banks. As such, a road show was proposed by the Central Bank of Seychelles ("CBS") together with the Financial Services Authority ("FSA") covering the main hubs where European, American and Asian correspondent banks are based. The Mutual Evaluation process conducted in the Seychelles by the Eastern and Southern Africa Anti-Money Laundering Group ("ESAAMALG") was also a point of great interest amongst the members, in view that they were actively involved. Other issues discussed included the development of the National Financial Education Strategy and a comprehensive Financial Consumer Protection framework.

## Seychelles Mutual Evaluation

The Financial Action Task Force (“FATF”), on Money Laundering is an intergovernmental organization founded in 1989 on the initiative of the G7 to develop policies and issue recommendations and standards to combat money laundering. The FATF's primary policies issued are the Forty Recommendations on money laundering and the Nine Special Recommendations on Terrorism Financing. The mandate of the organisation was expanded to include terrorist financing following the September 11 terror attacks in 2001. Its core responsibility is to monitor countries' progress in implementing the FATF Recommendations by ‘peer reviews’ (‘mutual evaluations’) of member countries.

The Eastern and South African Anti Money Laundering Group (ESAAMLG) is a FATF-style regional body founded in August 1999, with the purpose to combat money laundering and terrorism financing by implementing the FATF Recommendations. The Mutual Evaluation exercise is designed to assess a country's compliance with the international AML/CFT standards. This involves assessing whether the necessary Laws, Regulations or other measures required under the essential criteria of the FATF Methodology are in force and effective.

Seychelles underwent its first Mutual Evaluation in 2006 and its Mutual Evaluation Report was adopted by the ESAAMLG Council of Ministers in August 2008. The second round of Mutual Evaluation Assessment started in June 2017 where the first phase was to assess the Technical Compliance following which between November 20<sup>th</sup>, 2017 to December 5<sup>th</sup>, 2017 a delegation of twelve (12) assessors from ESAAMLG and two observers from the Common Market for Eastern and Southern Africa (COMESA) were onsite to assess the effectiveness of how Seychelles is implementing the FATF Recommendations.

In line with the adopted procedures for Mutual Evaluations Assessment, the assessors met with various stakeholders (being both government and private sector) to review the AML/CFT institutional framework, the relevant AML/CFT Laws, Regulations, guidelines and other systems in place to deter and prosecute money laundering or the financing of terrorism.

As part of the Mutual Evaluation, Seychelles was required to present a copy of the National Risk Assessment (“NRA”) Report to the assessors which were conducted to satisfy Recommendation 1. This recommendation calls on countries to identify, assess and understand the Money Laundering and Terrorist Financing risks they face as a jurisdiction and to designate an authority to coordinate actions to assess risks. To this end, an NRA technical working group with representatives from different sectors of the economy was formed. The Financial Services Authority as the regulator for non-banking financial services sector was tasked with conducting a sectorial risks assessment of money laundering and terrorist financing within sectors falling under its purview.

Both the Technical Compliance and Effectiveness Assessment have been completed where it is now expected for Seychelles to have a first draft of the Report which would detail the findings. The Final Report will set out the country's level of compliance with the FATF Recommendations, the effectiveness of the measures in place and provide recommendations on the measures to be taken to address any shortcomings.

A festive graphic with a dark blue background featuring silhouettes of evergreen trees and white snowflakes. The text "SEASON'S GREETINGS" is written in large, white, bold, sans-serif capital letters, centered horizontally. The bottom of the graphic shows a light blue and white wavy line representing a snowy ground.

# SEASON'S GREETINGS

