

Shared service centres to redefine the Mauritian corporate landscape



With the FSC's recent consultation paper on supporting the growth of shared services in the island economy under a relevant regulatory framework, it is time to take a look at how this fast-growing service offering is poised to take the Mauritius IFC to the next level

Located at the crossroads of Asia and Africa; the Mauritius International Financial Centre (MIFC) is one of proven excellence and high repute. Through a flexible yet rigorous regulatory framework, strong financial institutions and a focus on quality, a conducive environment has been created for using Mauritius as a platform to offer structuring and funding solutions to both individual and corporate clients based in the region.

A review of the MIFC's strategy has included a rethink on how to address its perceived solely tax-centric approach to attracting capital inflows. A general move to a more substance-driven approach for companies wishing to be established in Mauritius has been encouraged by the authorities, including through relevant changes in legislation.

Shared services allow organisations to focus on core activities

Regional headquarters, treasury management centres, international law firms, as well as fund and asset managers will therefore need to satisfy certain substance requirements to operate from Mauritius.

Shared services see global growth

Against this backdrop, diversification in its service offerings, including the provision of higher value-added services, will remain key to the continued prosperity of the MIFC. One opportunity that is becoming increasingly attractive to operators in the industry is that of shared services.

This is a growing industry worldwide, with the latest statistics showing the Financial and Accounting shared services industry being worth more than USD 45 billion.

At its core, a Shared Service Centre entails the provision of a service by one part of an organisation or group, where that service was previously offered

to different parts of the organisation or even to parties outside the group. This sharing facility effectively means improved efficiency at competitive pricing to external parties requiring the service. Shared services also allow organisations to focus on their core activities rather than ancillary activities which may not bring them as much value.

FSC proposes regulatory standards for shared services

Certain international organisations operating in the global corporate and fiduciary environment with a presence in Mauritius, have, over a certain number of years now, adopted this model of using the island economy as their provider of shared services.

No wonder then that the Financial Services Commission (FSC) has recently released a consultation paper on shared services. Against the wider context of the National Budget 2018/19 which provided for the regulation of global shared services to capitalise on their potential for job creation and economic growth, the FSC seeks to ensure that regulated financial services companies and their related entities can "optimise their business operations and centralise their key functions, eliminating the duplication of these functions across companies within the group."

Shared services to take Mauritius to new heights

From the first few timid steps in this direction more than a decade ago, leveraging shared service offerings in Mauritius is now very much part of the strategy of international organisations as they seek to optimise resources and shift tasks to locations where competitive advantages reside.

International organisations shift tasks to jurisdictions offering competitive advantages

The MIFC as a jurisdiction has benefitted from this exposure as the centre gradually becomes better known for this fast-growing service offering. In the ultimate analysis, it appears that shared services are set to transform the corporate landscape in Mauritius.



**By Roshan Nathoo,
Managing Director,
Rogers Capital
Corporate Services**