

## AFRICA RISK CONSULTING

### Mauritius Monthly Briefing May 2026

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#### Mauritius Summary 27 May 2026

*Prime minister Navinchandra Ramgoolam (2024-present) sharply criticises the Bank of Mauritius (BoM) (central bank) for supervisory failures in preventing a Rs 25 billion (\$517m) deficit across four major banks, proposing a legislative overhaul to prevent similar future scenarios. The BoM raises the interest rate by 25 basis points due to the increase in global energy costs as a consequence of the conflict in the Middle East. The central bank also warns of further knock-on effects the war will have on the economy. Mauritius Commercial Bank (MCB) pledges \$1 billion to spur the implementation of the African Continental Free Trade Agreement (AfCFTA) and bolster African industrialisation and manufacturing.*

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#### Bank of Mauritius under fire by Prime Minister

During a parliamentary session on 19 May, prime minister **Navinchandra Ramgoolam** (2024-present) sharply [criticised](#) the **Bank of Mauritius (BoM)** (central bank) for supervisory failures which have led to a collective Rs 25 billion (\$517m) financial deficit across four major Mauritian banks, accumulated between 2014 and 2024. Ramgoolam proposed a revision of the **Bank of Mauritius Act** and the **Banking Act** to better align with international best practice and address the governance issues that led to this.

This deficit also presents a threat to the island's financial sector's credibility and economic stability, as the BoM is in no position to either bail out these four banks or forgive the debt. The deficit was accumulated between the four commercial as [outlined](#) below:

- **Silver Bank Ltd** recorded Rs 8.1 billion (\$167m) in non-performing loans (NPLs) against a total loan portfolio of Rs 8.3 billion (\$171m), which represents an unprecedented 97.5% NPL ratio that renders the institution functionally insolvent;
- **SBM Bank (Mauritius) Ltd** accumulated Rs 14.34 billion (\$296m) in cumulative write-offs of toxic assets;
- **Development Bank of Mauritius Ltd** classified Rs 400m (\$8.27m) as NPLs, heavily concentrated in five failing or liquidated companies;
- **MauBank Holdings Ltd** has operated with Rs 2.95 billion (\$61m) in negative equity driven by continuous losses since 2015.

This deficit, which represents approximately 2.5-3% of Mauritius' GDP, signals systemic rather than isolated failure across the banking sector. The issue has also exposed dual institutional [failures](#) that allowed this to compound undetected for a decade; external auditors issued clean annual audit opinions despite the balance sheet deterioration, relying on management's optimistic loan-recovery projections rather than conducting forensic scrutiny. Auditors also failed to challenge the bank's 'evergreening' practices, whereby the banks rolled over bad debt to mask insolvency, treating asset valuation as passive data-entry rather than aggressively stress-testing credit validity.

BoM governor, **Priscilla Muthoora Thakoora**, who assumed office in late 2025, [defended](#) the central bank, stating that the bank does not meddle in internal operational affairs and further emphasised that banks must maintain sole authority over lending decisions. However, when a financial institution's loan portfolio becomes 97% non-performing, detecting and halting such risk accumulation constitutes core oversight and represents a fundamental statutory duty the previous BoM leadership failed to discharge.

The implications also extend far beyond the banking sector. This systemic collapse compounds Mauritius' precarious economic position, which is reflected in the island's credit ratings, 80.9% debt-to-GDP [ratio](#), rising inflation, and slowing economic growth. Banks operating with such massive NPL ratios cannot extend new credit to businesses, constraining private sector investment and economic expansion. If these institutions require recapitalisation or bailouts, the fiscal burden falls on a government already stretched by elevated public debt.

While the government reviews the Bank of Mauritius Act and Banking Act to implement legislative reform, structural insulation of the BoM from political interference and accountability for external auditors is also required to sufficiently prevent future misconduct. However, until Mauritius demonstrates credible institutional reform, the banking sector crisis represents a significant threat to financial stability and economic credibility.

### Bank of Mauritius raises interest rates

BoM on 20 May [raised](#) its key interest rate by 25 basis points to 4.75%, citing elevated inflation risks and heightened economic uncertainty stemming from the ongoing conflict in the **Middle East**. Mauritius' [inflation](#) stood at 3.6% in April, up from 2.7% in March, driven by higher energy prices and elevated freight and logistics costs.

While the current interest rate increase reflects a direct response to these increased costs, it is highly likely that there will be further knock-on effects if energy prices remain elevated or continue to rise. The central bank's decision represents a significant policy shift after maintaining the interest rate at 4.5% since February 2025. The shift signals growing concerns that inflationary pressures could erode macroeconomic buffers.

Under the BoM's baseline scenario, which [assumes](#) an average oil price of \$90 per barrel, inflation is expected to [average](#) around 5.5% in 2026, exceeding the central bank's initial target range of 2% to 5%. The **International Monetary Fund's (IMF) Article IV** mission in May [confirmed](#) these concerns, noting that inflation picked up in 2025, partly due to policy-related price increases. The IMF added that while inflation eased in early 2026, it is now expected to increase due to higher international fuel and food prices. The IMF's concerns are directly reflected in the BoM's 2026 growth projections; the economy is projected to grow by 2.8% in 2026, down from 3.2% in 2025 and substantially below the 3.3% to 3.5% forecast issued earlier this year.

For Mauritian consumers already grappling with cost-of-living pressures, the interest rate increase compounds household financial strain. Higher borrowing costs will elevate mortgage payments, consumer loans, and business financing expenses, directly reducing disposable income and constraining consumption. The BoM's revised growth forecast to 2.8% explicitly cites higher fuel and electricity prices impact on household purchasing power as a drag on economic activity. The combined effect of inflation and the tighter monetary policy is highly likely to place living standards under strain.

The BoM's decision to raise the interest rate aligns closely with the IMF's Article IV assessment, which emphasised the urgent need to rebuild fiscal buffers and strengthen the monetary policy framework. The IMF also warned that public debt is projected to remain elevated at around 80% of GDP at end-June 2026, reinforcing concerns raised in **United States (US)**-headquartered **Moody's** credit ratings action for Mauritius, which assigned it a Baa3 credit rating with a negative economic outlook. The IMF explicitly called for the enhancement of revenue mobilisation and containment of current spending, particularly on pensions and extra-budgetary transfers, while maintaining targeted support for vulnerable groups.

The interest rate increase represents the BoM's contribution to macroeconomic stabilisation, though the IMF's emphasis on fiscal consolidation suggests monetary policy alone cannot address Mauritius' structural imbalances. The combination of elevated public debt, rising inflation, slowing growth, and external vulnerabilities creates a precarious economic environment where further interest rate

increases appear increasingly probable despite their adverse impact on an already-strained population.

### Mauritius Commercial Bank pledges to support intra-continental supply chains

During the **Africa CEO Forum** hosted in **Kigali (Rwanda)** on 14 and 15 May, the **Mauritius Commercial Bank (MCB)**, the island's largest financial institution, [announced](#) a \$1 billion financing scheme over the next four years dedicated to intra-African supply chains. The announcement represents a strategic pivot by Mauritius, which is positioning itself as a critical financial intermediary for continental economic integration and plans to use the pledged money to build regional manufacturing networks.

The pledge comes at a time when African governments and businesses are [calling](#) for faster implementation of the **African Continental Free Trade Area (AfCFTA)** and deeper economic continental integration. MCB CEO, **Thierry Hebraud**, specifically mentioned in the announcement that key sectors are to be prioritised, including manufacturing, agriculture, energy and logistics infrastructure.

While this investment directly supports the AfCFTA, the announcement was also made against the background of the Middle East conflict. Hebraud highlighted that the conflict has increased global energy costs but that this could be offset by bolstering continental supply chains and manufacturers to eventually [decrease](#) the continent's dependence on importing processed goods. Rather the continent must work towards manufacturing and refining raw minerals itself.

For Mauritius, this investment serves the dual purpose of bolstering its economic diplomacy across the continent while also diversifying its revenue streams. The strategic focus on supporting production in Africa for African markets positions Mauritius as an enabler of Africa's industrialisation agenda, potentially enhancing diplomatic goodwill with governments prioritising value-addition and import substitution.

One of the challenges the pledge is likely to face is that the bank's regional footprint remains concentrated in **Indian Ocean** island nations rather than the broader African continent. The MCB's physical banking presence extends only to **Madagascar, Mozambique, Seychelles, and Maldives**, with representative offices in **South Africa, Kenya, Nigeria, and France**. MCB will also need to navigate the AfCFTA's incomplete implementation; tariff negotiations are ongoing, rules of origin are still being operationalised, and the MCB would need to manage credit risks across politically diverse and economically volatile African markets. These execution challenges are likely to stall project implementation and cost additional money which could make the project unprofitable.

The investment also presents diplomatic risks. MCB's continental expansion could be perceived by regional financial centres, particularly South Africa and Kenya, as encroaching on their traditional spheres of influence. Additionally, the facility's success depends on political stability and policy consistency across African markets, exposing Mauritius to reputational risks if financed projects encounter governance challenges or corruption allegations.

### Planner

Jul 2026 (Mauritius) 18<sup>th</sup> **United States-Africa Business Summit**

### Chronology

25 May 2026 **Port Louis (Mauritius)** *Government Information Services*. The social integration, social security and national solidarity minister, **Ashok Kumar Subron**, and **National Empowerment Foundation (NEF)** chairman, **Hootesh Ramburn**, hands over keys to vulnerable Mauritius to get access to their new dwelling units under the **Full Concrete Housing Scheme**;

24 May 2026 **Port Louis (Mauritius)** *The Economic Times*. The **United States (US)** overtakes Mauritius as the second-largest source of foreign direct investment (FDI) into **India**, with equity flows

from the US doubling in the 2025/26 financial year to \$11 billion, as countries are directly investing into India rather than routing funds through tax-friendly jurisdictions;

22 May 2026 **Port Louis (Mauritius)** *Government Information Services*. Mauritius and the **United States (US)** strengthen their bilateral relations with the official signing of the **State Partnership Programme (SPP)** between the **Mauritius Police Force** and the **New Mexico National Guard**, aiming to strengthening security cooperation, emergency preparedness and professional development;

20 May 2026 **Port Louis (Mauritius)** *Government Information Services*. A full-scale **Mauritius Port Exercise (PortEx2026)** is organised and executed between the **Mauritius Port Authority (MPA)**, **National Disaster Risk Reduction and Management Centre (NDRRMC)** and the **United States Defence Threat Reduction Agency (DTRA)** to test newly deployed emergency response equipment;

20 May 2026 **Port Louis (Mauritius)** *Tech Africa News*. African payment service provider, **Peach Payments**, brings **Apple Pay** to Mauritius, allowing domestic consumers to pay via their iPhones and payments in grocery stores, pharmacies, retail stores and restaurants;

19 May 2026 **Port Louis (Mauritius)** *ENS Africa*. Mauritius' **Competition Commission (CC)** introduces a time-limited amnesty programme, which will run from 25 May to 25 November 2026, for trade associations, cooperatives and their members to come forward and disclose cartel conduct and bid rigging in exchange for immunity from financial penalties;

15 May 2026 **Port Louis (Mauritius)** *Government Information Services*. The two-day **Western Indian Ocean (WIO) Future 2026** conference begins, bringing together researchers, policymakers and scientists to foster regional cooperation in innovation, equitable capacity building and inclusive ocean governance;

14 May 2026 **Port Louis (Mauritius)** *UN Economic Commission for Africa*. Mauritius in partnership with the **United Nations Economic Commission for Africa (UNECA)** and the **Economic Development Board** hosts a workshop titled 'Developing Green Value Chains in Southern Africa in the Context of the AfCFTA: A Case Study of Mauritius' to strengthen sustainable, resilient and competitive value chains across Southern Africa;

12 May 2026 **Nairobi (Kenya)** *Republic of Mauritius*. Prime minister **Navinchandra Ramgoolam** attends the state banquet Kenya's President **William Ruto** (2022-present) hosted on the side lines of the **Africa Forward Summit**;

6 May 2026 **Port Louis (Mauritius)** *IMI Daily*. Mauritius announces it will launch a Golden Visa programme under which an applicant is required to invest a minimum of \$1m within the first 12 months of their stay to become a tax-resident in Mauritius and would be liable to only pay a standard tax flat rate of 15%.

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