

## **Rundheersing Bheenick: Thinking globally, banking locally, and branching out...**

Address by Professor Rundheersing Bheenick, Governor of the Bank of Mauritius, at the official opening of Grand Bay Branch of the HSBC, Grand Bay, 18 December 2007.

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I'm delighted to be here, opening a new branch, of a famous bank. The history of the HSBC Group, in Mauritius, can be traced back to 1859, when the Chartered Mercantile Bank of India, London and China, established a branch in Port Louis.

One well-known project, that this bank assisted in financing, was the construction of the Port Louis to Curepipe Section of the railway, in 1864. Those were the days! And how we struggle now to get back on to the fast track!

Opening a new branch is always a pleasure; one only to be surpassed, for a central banker, by opening a new bank! This year we have done both. I come to open this branch, having only recently opened a newly-licensed commercial Bank in the country, and having just laid the foundation stone of a new branch of the Bank of Mauritius in Rodrigues. It is one of those habits I don't want to break.

I hope this trend, reinforced today, in our 40th anniversary year, will be continued in 2008, the 40th anniversary year of the Independence of Mauritius, bringing new life and strength to the banking sector.

About this time last year, contemplating the prospect of becoming Governor of a central Bank, I speculated that my life might be even more exciting than that of James Bond. You will recall that 007 had a singular license to kill. We central bankers have a triple license, and it seems none of them come with the risks Bond was running from fast cars, faster guns, and still faster women.

The dream of a central banker is first to have that wonderful Midas touch, a golden gift, at this time of the year:

- The license to print money!  
and then he gets that really expansive gift:
- The license to open new banks,  
And finally the third great gift, that salutary power:
- The license to close them again!

But you may be pleased to know, that today, as your invited guest, on this opening day of a new branch, I have brought none of these licenses with me!

I must say I am glad to be here as a guest of an expanding Bank, which has such a well-deserved worldwide reputation, as a safe pair of hands. That is good news for you and your staff; good news for your customers; and very good news for the country as a whole.

I recall, from the not-so-distant past, a famous phrase in the money business.

- "Safe as houses!"

Do you remember that one? It just seemed to go out of use in banking circles in 2007! Safe as houses! Which is interestingly translated into French, in Harrap's dictionary, by

- "cela ne presente aucun risque"!

Now there is a language lesson in great need of some urgent revision for us all, as we move together towards Basel II.

Or dare I recall another, once timely, banking phrase?

- Safe as a Bank, or, even safe as the Bank of England

Harrap's renders that as:

- "c'est de l'or en lingots"

I trust this branch of this Bank will serve to revive such public faith in banking.

Service to the customer must be our new gold standard, even if there remains uncertainty about our reserve currency in the future, as the dollar hovers on the brink of something we know not what!

If we have learned one lesson from this traumatic year, 2007, it is that all banks need to revisit their criteria for decision-making; commercial banks in judging today's risks, and central banks for using those triple licenses we hold on your behalf, and on that of the people of this country.

In 2002, HSBC launched a campaign to differentiate its brand from those of its competitors, with that pithy phrase:

"The world's local bank"

Now we do not speak for the world but you and your bank are most certainly "local" around here.

In 2006, you incorporated a subsidiary in Mauritius, the HSBC Bank (Mauritius) Ltd. Thus, you are now able to enjoy a multitude of advantages, such as tax benefits and independence at the level of your Board.

One does not agree to be the Governor of a central Bank to be loved; and I have not been entirely disappointed in that. Indeed, I sometimes rank my position in public life, as a central banker, little higher than that of an honest policeman, whose usefulness would disappear if there were no malefactors in the risk business.

As a policeman, however, I have every confidence, that those working in this branch, will only enhance the fine reputation that HSBC has so well established in the world of banking.

- A Bank, safe as houses; *qui ne présente, a nous, aucun risque.*

We look to banks, such as yours, to save us from the contagious risks of the growing, global, credit delinquency of the past decade. This, previously subterranean, force erupted in 2007, sweeping like a terrifying tsunami, across the oceans of the banking and finance world.

And we, as bankers, were, frankly, as ill-prepared, as were the tourists and hoteliers, faced with the Indian Ocean tsunami, at this festive season, just three years ago.

And now as a climate change is approaching, I look to you and all our colleagues in banking, to find the courage and leadership to adapt our early warning systems and take corrective action. There are few white knights left to come to our rescue. Our destiny is in our own hands.

We must never forget, that, despite our splendid buildings, and may I say your kind festive hospitality, despite these smart new surroundings, each bright new dawn, that you will see rising here over the beauties of Grand Bay, is not the herald of paradise to come, but merely a fresh light on the cold realities of the banking world. Banks are fragile institutions. Banking is a delicate business. For banks are like pretty girls and roses; they last, while they last!

In the Global Business sector, HSBC is a market leader. We are all looking to such global leadership to help to move us from the tidal waves of 2007 into calmer waters in 2008.

Mauritius is at a critical phase in its economic development. The country is undergoing significant reforms. Inflation is coming down into single digit, the currency is stronger, tourism and investment are growing. Banks, like yours, have a vital role to play with their potential to

promote the principles of sustainable development through sounder lending and wiser investment.

I trust you will continue to play your undisputable role in promoting the continued social and economic welfare of this country.

In Mauritius, bank branching, remains an indispensable strategy for banks. Customers view nearness to a branch as a determining factor in the choice of their banks. HSBC has thus extended its network and now has 11 branches and 13 ATMs across the country. Today, this new branch is for us, and for the people of Mauritius, a most welcome addition to the family of 20 licensed banks, with a total of 180 branches both in Mauritius and Rodrigues.

I wish this infant branch a happy and profitable future. And I wish a prosperous New Year, 2008, to all your staff, in all your branches, and in your headquarters. But I especially wish prosperity to all our customers, on whose patronage, ultimately, we all depend.

Thank you.