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PRESS COMMUNIQUÉ

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Outcome of third Financial Stability Committee discussions for 2021

The Financial Stability Committee (FSC) held its third meeting for the year on November 11, 2021, during which members discussed a range of matters which have a bearing on the country's financial stability.

The meeting took note of the country's economic recovery, albeit this remains uneven. Members discussed the impact that this may have on domestic financial stability. Furthermore, recurring risks such as cybersecurity, issues related to money laundering and terrorism financing and the budgetary pressures of State-Owned Enterprises (SOEs) on government finances were also discussed.

Committee members expressed concerns about the increasing incidence of financial-related scams and frauds which are not only targeting vulnerable groups, but also noted that financially literate individuals are also falling victims to these criminal activities. As the country joins the rest of the world to commemorate International Fraud Awareness Week from November 14 - 20, 2021, members highlighted that more needs to be done to promote anti-fraud awareness and education, particularly cyber scams. The meeting noted that the recent approval by the Cabinet of Ministers of the Cybercrimes and Other Related Crimes Bill was an important step in the right direction to ensure that the country has a legal framework to deal with rising cyber-related financial scams and frauds.

Another matter which was discussed at length during the meeting was the challenges being faced by the relevant regulators in ensuring the effective implementation and operationalisation of two pieces of legislations that recently came into force namely, the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) and Beneficial Ownership (BO) Acts. To enhance compliance to the aforementioned laws, it was noted that more awareness and education are required in order to change the mindset of relevant stakeholders and the general public. Moreover, to ensure the effectiveness of the legislations, it is vital that all legal provisions are effectively operationalised in a timely manner.

In addition to domestic threats, the Committee was also apprised of international developments that may have an impact on the country's financial stability, including but not limited to the uneven global economic recovery, disruptions to global supply chains and the upward trend in oil prices, all of which have the capacity to delay domestic economic recovery and constrain financial stability.

It is to be noted that although the economy is on a positive path towards recovery, albeit unevenly, domestic financial stability conditions remain challenging. As such, the authorities continue to closely monitor the situation and stand ready to take the necessary steps to mitigate the impact of potential risks to financial stability.