



## INNOVATIONS FOR SUCCESSFUL SOCIETIES

AN INITIATIVE OF  
THE WOODROW WILSON SCHOOL OF PUBLIC AND INTERNATIONAL AFFAIRS  
AND THE BOBST CENTER FOR PEACE AND JUSTICE

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Series: Anti-Corruption

Interview no.: G 4

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Interviewer: Gabriel Kuris

Date of Interview: 25 March 2013

Location: Ebene, Mauritius

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**BIKOO:** *Basically, since independence in 1968, we were a mono-crop economy, sugar-based. This was just as in the 1960s, I would say, since independence. In the 1970s, we realized that we can't go on as a mono-crop economy. The idea that we should go into an export-processing role was floated around. So we imported raw materials, processed and re-exported them. In the process, we added value, set up factories here and created jobs. That was the main concern at the time of independence. The strategy was in the 1970s, sort of export net growth through manufacturing. It created a lot of jobs and did well.*

*In the 1980s, we said, "no, we should look at a broader strategy because textile, we were competing with India and Pakistan where labor cost is low." So in the 1980s, we said let's going to up-market tourism, go into other sectors. We had high economic growth rates at that time. There was a sugar boom. So we had high growth phase. In the mid-1980s we had to think of a strategy, where to go. One idea that was floated around is make tourism a market. There is high value in that. The second thing was that we had to look at the world and attempt to integrate in the world economy, not the other way around.*

*It was at that time that we started thinking about offshore banking in 1988. Actually, we went on a tour to see the Bahamas, Singapore and Hong Kong to understand what it is all about because Mauritius has a natural advantage. We have a very good time zone. You can do dealings with the European and Asian markets in the same day. If you work late, you can even catch the American market. We have a pool of resources, human resources. Education is free in this country. We had a lot of accountants coming up. So we thought we had a number of natural comparative advantages.*

*In 1988, we amended the Banking Act to allow offshore banking, and in 1989, we started to get offshore banks. We were very careful in the beginning to get only the big names. By the beginning of the 1990s, we said, "OK, we've got offshore banking but we need to diversify more."*

*So we started to go into the nonbanking offshore business. In 1992, we launched what we call the Mauritius Offshore Business Activities Authority. It was an authority for licensing offshore business and developing Mauritius as a base for offshore investment. As you may be aware, we have a very good double taxation agreement with India, and overnight, Mauritius became the investment route to India. This sector really grew very fast.*

*People from outside, nonresident Indians from the UK, America or wherever, wanted to invest in India, which for the first time started to open up its economy at that time. So they structured a company here in Mauritius, a company that invests in India. Now why do that? Because there are many tax advantages. It was a process of international tax planning.*

*The late 1980s and early 1990s were the periods of major development for the rest of the country. This went on very well. In the late 1990s, we started to develop what we called information and communications technology.*

**KURIS:** The whole CyberCity, yes.

**BIKOO:** *CyberCity started to replace sugar cane, because the price of sugar was going down, and it was difficult to get labor and so on. To me, it seemed like we should diversify again before the early 2000s. We picked up the idea of becoming the seafood hub, products of the sea. We started to think of all potential projects. At*

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*the time, our financial services sector was developing very fast. The idea was until 2010, and even now, you know we are thinking of making Mauritius an investment hub for Africa.*

KURIS: OK.

*BIKOO: We also developed a free port in the 1990s. All this made Mauritius an ideal regional financial hub of Africa, and that's the way we are now. During all that process of development, we made sure at the very beginning in 1988 when we launched offshore banking that we had only the top banks in the world. We didn't even have any anti-money-laundering law or anything at the time but we adopted the industry's best practices. I was myself a regulator at the time, and in the offshore business authority, we issued guidelines, even though there was no law, no -regulations for such things.*

*So all this is to tell you that Mauritius had obtained an outward-looking growth strategy and was aware of the risks. But we had to take those risks because there was no other choice for us. You can't go on planting sugar cane and bananas. You have to integrate in the world economy. It was a good economic choice we made, to push along with that strategy. Today Mauritius is well known all over the world because of that. That is a bit of the general background.*

KURIS: What were some of the risks that you mentioned? What were the risks of going into offshore finance and banking?

*BIKOO: You could have landed on a rock island offshore, where everything is done like that—no regulatory framework in place. Now, you know one, a neighbor that was negatively impacted by that risk: Seychelles. You've heard about it, I think, in the 1990s. In 1992, they enacted a law called Economic Development Act. They had foreign exchange problems. So they invited investors from worldwide and there was a sort of exemption in the law. If you bring 500,000 US dollars from anywhere in the world, you are immune from prosecution of money laundering or that kind of crimes.*

KURIS: Wow.

*BIKOO: So there were those types of risks that I'm telling you about now. But we had a strong economy unlike small islands*

KURIS: Very small population.

*BIKOO: But if you have a real domestic economy, you could afford to be strict with regulations, because even if we stop offshore activities, we won't die. So that was one of the factors. When you look at all the small offshore islands, they are nothing. Here, you can see a real economy with agriculture and so on. That says something. You are able to avoid falling to that risk of having loose regulations.*

*We realized that at the very beginning. In 2000, we enacted a law called Economic Crime and Anti-money-laundering Act. This was the first anti-money-laundering law in this country, according to which money laundering was criminalized. Prior to that, even though we had gone offshore, we subscribed to best practices as I explained to you a few minutes ago. That is what I mean. You can avoid the risk of becoming a rock island where you just rubber-stamp bad acts. We enabled the licensing of banks, all done by the central bank. In the beginning, we admitted only top banks in the world. Actually, the first bank we*

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*licensed was Barclays. We had other big banks coming in such as HSBC, but we assumed that, being big banks, they had good internal controls.*

*Eventually we had that law before 2000. We were strict. In 2000, we enacted the Economic Crime and Anti Money Laundering. This was the beginning of a campaign against money laundering and a campaign for enhancing the image of the country.*

KURIS: What prompted that new law?

BIKOO: *There was a consensus around the world that offshore centers had been misused. Actually before the law was enacted, there was a U.N. report around the time called Financial Havens, Banking Secrecy and Money Laundering. Three professors authored the report. One of them was Professor Levi—you may have heard of him. In the report was a section on a comparative analysis of practices in different countries. The report, however, contained false information about banking practices in Mauritius back in 2000. So I wrote back to them and said, "Look, you are not making sense." I explained to them that we had only eight or seven banks at that time and that we had a good regulatory framework in place. I also told them that there was a central bank, which was acting as the main regulator and so on.*

*So when the final version of the report came out, they said that Mauritius is one of the better-regulated offshore centers, and we used that to market our financial services.*

KURIS: Especially in the region, I imagine financial regulations are not always very strong.

BIKOO: *In Africa, right.*

KURIS: In Africa and South Asia.

BIKOO: *After that, in 2002, we enacted the law. Then, we reexamined our financial regulatory framework. So the Bank of Mauritius was looking after the offshore banking. There were about three or four regulators, regulating thirteen institutions, like the Mauritius Offshore Business Activities Authority (MOBAA) was regulating offshore business. The Stock Exchange Commission was regulating the securities market, and there was a Superintendent of Insurance in the Ministry of Finance regulating insurance business.*

*At that time, we started to think whether we should integrate the regulatory framework.*

KURIS: I see.

BIKOO: *There was a big debate among economists on whether it was best to have a single regulator or multiple regulators; an integrated regulatory structure or a functional regulatory structure like what they have in Australia—this sort of functional regulatory framework. We did a lot of thinking here in this country, and then we decided to have like a twin-peak regulatory system with the Bank of Mauritius focusing on banking and offshore banking, and the Financial Services Commission, which was set up in 2001, on non-bank regulation.*

KURIS: OK.

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**BIKOO:** *So all the single regulators I told you were absorbed under the umbrella of the FSC. So this led to a consolidation of the regulatory framework.*

*On the other side, we revamped the legislation on anti-money-laundering in 2002. We passed three laws: the Prevention of Corruption Act in 2002; the Financial Intelligence and Anti-money-laundering Act, which is the main core legislation for anti-money-laundering; and the Prevention of Terrorism Act.*

*Laws on anti-money-laundering were passed in parallel with the consolidation of the regulatory framework. This is the time when institutions were created, like the ICAC (Independent Commission Against Corruption) and the FIU (Financial Intelligence Unit). This is the general background.*

**KURIS:** That's great.

**BIKOO:** *Now, I'd like to concentrate more on the FIU. Obviously, the goal of all countries is to ultimately comply with the FATF's (Financial Action Task Force) forty plus nine recommendations, which is now only forty recommendations. So the FIU was created in August 2002. We realized one thing at the time: you can have an FIU but to be effective, you must exchange information. We knew that we were not an international vendor, but we also knew that we are integrated into the world economy. We knew the risks of being misused. So what we did in July 2003, over the course of that one year was that we worked hard to sell the FIU, working with a think tank in the beginning. By July 2003, we were already admitted to the Egmont Group.*

**KURIS:** OK.

**BIKOO:** *The Egmont Group is an international group of FIUs. So you can see that very rapidly, within a year—it can take five, six years to join it—but within a year, we were in the Egmont Group, because we wanted to be at the center of the anti-money-laundering development in Africa. We also wanted to get the advantage of being in Egmont. The FATF recommends that you become a member of Egmont. We took an international approach and took part in exchanging information with the rest of the world.*

*Then we realized that Africa was really a land where there was no anti-money-laundering framework in place. So the Egmont group enacted a kind of regional representative. They want each continent of the world to be represented in the committee of Egmont, the decision-making body of Egmont. So Mauritius was the first country to be admitted to Egmont, together with South Africa. I told you, we put in place the first FIU in Africa in August 2002, followed by South Africa in March 2003. Even though South Africa ultimately became a member of the FATF, Mauritius played a leading role in Egmont. We started developing FIUs all over Africa both English and French speaking. I personally played that role in West Africa, East Africa and Northern Africa. Today, there are fifteen African FIUs in Egmont. Three more will join in July this year.*

*We wanted to get the standards right in Africa with regards to the quality of FIUs. The FATF requires that every country be subject to mutual evaluation. The IMF (International Monetary Fund) evaluated Mauritius in 2003. We realized that there were some problems with the law, and since then we have changed it. Then we were reevaluated in 2008.*

*So in 2008, the ESAAMLG (Eastern and South African Anti-Money-Laundering Group), a regional FATF, came here to study our practices. In Africa, there are*

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*four regional FATFs, what we call the FSRBs (FATF-Style Regional Bodies). Mauritius belongs to the one called ESAAMLG. There is one for West Africa called GIABA (Inter-Governmental Action Group Against Money Laundering); Northern Africa, MENAFATF (Middle East and North Africa Financial Action Task Force); Central Africa, GABAC (Task Force on Money Laundering in Central Africa). But Mauritius became a member of the ESAAMLG in 1998 or so, I don't remember exactly.*

*But we did it ourselves, implementing the FATF approach and the Egmont approach, and we started to grow from there. The mutual evaluation in 2008 looked at the system in place, the legal aspect, and everything else you know. Mutual evaluation covers every aspect, whether you comply with their recommendations or not. We were told where we were going wrong, and by December 2012, we had practically implemented all the recommendations that were made.*

*So we are always trying to meet international standards on anti-money-laundering combating the financing of terrorism and all. Now, what kind of tools do we have in Mauritius today to combat financial crimes?*

*We have the prevention side, which is mainly composed of the regulators. That is the Bank of Mauritius and the FSC. What they do, they issue anti-money-laundering guidelines. They implement certain aspects of the law, like know your customer and practice due diligence. So they are there to make sure that financial institutions adhere to these basic principles.*

*Then, on the detection side is the FIU. As you know all financial institutions, even accountants, lawyers, insurance companies, everybody, almost every actor on the financial scene has to report suspicious transactions to us. We spot suspicious transactions and collect the information we need. As a member of Egmont, we can get information from other countries as well. Then we do some analytical work.*

*So the work that we are doing is trying to confirm whether our suspicion about a transaction is a reasonable one. If it is a reasonable one, we are bound by law to report to investigators. In Mauritius, investigators mean ICAC, police and customs, and recently we have set up what we call an Enforcement Authority as well. The Authority seize ill-gotten assets.*

KURIS: When was that established?

BIKOO: *Last year. In 2011, the law was passed at last. In fact, this morning we just signed a Memorandum of Understanding with them. If you look at the framework itself in Mauritius, we have the prevention, detection and investigation side. After receiving suspicious transaction reports we do analytical work and try to determine whether they are reasonable or not. Once we have done that and conclude that the suspicion is reasonable, ICAC (Independent Commission Against Corruption) collects evidence. We deal with intelligence not collection of evidence. It is not just ICAC, but also customs and all the other agencies that take part in this process of collection of evidence.*

*Once we have evidence, we prosecute. Prosecution is done in Mauritius after the approval of the Director of Public Prosecution is attained. So what the Office of the Director of Public Prosecution is in charge of is examining whether the evidence is OK and whether the case will not fall apart in the court. They have to*

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*make sure. Once that process is complete, they say, "yes, go ahead and prosecute." The case then goes to the courts.*

*The courts, as you know, put legal sanctions on who was found guilty. The courts convict those found guilty and sentence an appropriate punishment. This is how we move from investigation to prosecution and move up the ranks to application of the law. Now, we reach almost the end of the process from suspicion to conviction. But—this is very important and you will find this everywhere in the FATF regulation—you should seize the money of the convict. You should see the very last bit of it go towards asset recovery. This is done by the Enforcement Authority.*

KURIS: That is the new authority.

BIKOO: Yes. So when you look at our system, we have practically implemented all the FATF recommendations.

KURIS: I'm just a little bit confused about the difference between intelligence versus evidence. What do you do that is different from what ICAC is doing?

BIKOO: *When I get reports about suspicious transactions, I don't know, I mean nobody knows, whether the reported cases indeed involve money laundering/corruption. A suspicion is a belief without proof, and I don't have any proof yet at that point. So we try to reconstruct the crime. We collect information as much as we can, and try to identify the techniques used, the people behind it, the location of the money now, the ultimate beneficiaries of the crime and the location where assets are kept. That is how our intelligence works.*

*We collect information but often people give us information on certain matters, like banks are required by law to share information with us. We search public databases and through Egmont, contact other FIUs for information. On the basis of the information we have, we write up an analytical report, an intelligence report. Now, all the report is just based on the information we have, without any actual evidence. We are a small office and we do the thinking part, the financial intelligence. Collection of evidence, however, is not our job. This is left to ICAC, police, MRA and other agencies. Do you see the difference now? One works with financial information; the other uses whatever apparatus they have to collect evidence. They go and search for evidence.*

*They can go to a bank and ask for copies of whatever it is. They work in the field. Once they have done that and think they have a good case, they go to the Office of Director of Public Prosecution, and to the courts. Finally, the law is enforced along with the seizure of assets.*

KURIS: Do your analytical reports just go to the law enforcement authorities or do they become public? Do they go to other people?

BIKOO: *No, they cannot go public because the reports are based not on evidence but on intelligence. It is a bit like the CIA working on a case. You're after a case but you don't have the intelligence about it. This is a system which operates all over the world. .*

*There are different models of the FIU. In the UK (United Kingdom), both evidence and intelligence are gathered by the same office. In Luxemburg, the two jobs are done by the prosecutor and the FIU in the same office. There is the prosecutorial FIU model and the enforcement FIU model, but in practice, three-quarters of the*

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*FIUs in the world are like us—administratively independent. We have operational independence. This independence is reflected in many aspects of the law.*

*For instance, as the director, I was appointed by the President, recommended by the prime minister with the consent of the leader of the opposition party. You need to be independent.*

KURIS: How would the director of the FIU be removed if necessary?

BIKOO: *There is a contract, and if there is an act of indiscipline or a big scandal—stealing money or whatever it is, the President can remove me at any time based on the advice of the prime minister. There is a sanction on the power of the FIU, on the director.*

KURIS: So why did Mauritius choose this administrative model of FIU?

BIKOO: *Because we have a big financial services sector. You are not going to take any suspicion raised to the police. People are afraid that they are going to get a criminal record. But as an independent FIU, we do all our work alone, and then if there is some truth to the reports, we send those cases to investigators. We were trying to appease people who may have fears about the way criminal investigations are conducted. It makes sense.*

KURIS: That makes sense.

BIKOO: *Many countries do that. But some countries like the UK have adopted a joint system because of tradition. In the UK, the FIU has always been a part of law enforcement. There are also hybrid FIUs, which play the role of both law enforcement and intelligence.*

KURIS: How do you practically work together with ICAC and other agencies?

BIKOO: *I get a suspicious report. I do my financial investigatory work. I build my analytical report. I give the leads, where the money is, who is behind it, etc. to ICAC. ICAC takes the leads and collects evidence. That is directly how we work together. Now ICAC may want additional financial information after we had sent them our report. If we can get the information they want, we send it to them. So there is a kind of two-way process but they get more from us than we get from them.*

KURIS: Do you ever have disagreements with ICAC? Do they ever decline to investigate something you really think they should?

BIKOO: *You can't do that by law. But as you know, this is a problem not only in Africa or in developing countries but worldwide. There is always a turf fight. A very good report I got some weeks ago. There was a tug of war. But these things are natural when you start to grow.*

*In Mauritius we have a national committee on anti-money-laundering. It was mandated by law, and ICAC the FIU are both members, so we try to sort out these types of turf-fighting issues there.*

KURIS: How often does that committee meet?

BIKOO: *It is supposed to meet every month. It is chaired by the Financial Secretary of the Ministry of Finance. But when we have serious issues, legal issues and strategic*

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*issues, or when we have mutual evaluation, for example, we would meet to discuss and so on.*

KURIS: What kind of background does your staff mostly have?

*BIKOO: Basically, we need good IT staff. We try to create a repository of information on financial crimes. We should be able to extract the information we need when we need them. Right now, we have about four IT staff. We are also working with the UN. They have software called UNgoAML. We purchased the software and we are implementing it now. The most important staff we need are financial intelligence analysts, people who can put together and test various hypotheses with the given information. As I put it: test, if wrong, switch to another lane. So we need people with raw intelligence skills. Generally, we look for people with an accounting background so that they can examine audit trails. We also look for people with a legal background or economic background. Basically, we're looking for people who can think and mix things together, test hypotheses. They are very rare skills.*

*What we did at the FIU was that we trained them on-site. We had an assistant director here. He had received good training abroad, so he was able to train the staff on-site. Then, we had them train others. The problem in Mauritius is that very few people possess those skill sets, so many banks approach our staff. They can afford to pay more than us.*

KURIS: For their own internal regulators?

*BIKOO: Yes, because they also have to comply with the regulations. That is a problem, a challenge, in fact.*

KURIS: How do you manage integrity here? You're dealing with so much confidential information, how do you—?

*BIKOO: Integrity is very critical for us. What we do is that we make it mandatory for every staff to declare his or her assets at the end of the year by law.*

KURIS: OK.

*BIKOO: They must not only declare assets but also liabilities. If there is a decrease or increase in their assets, or a decrease in liabilities, they have to inform ICAC. We declare our assets and liabilities through the courts, and the information is then sent to ICAC. ICAC monitors earnings and the staff based on these reports. All of this is in the law.*

*The second thing is that we have developed a culture of integrity. Our staff should never accept a gift; but, if they ever do accept a calendar or anything, they must document everything. There is a culture of integrity we have put into place. Obviously, we have very strict confidentiality rules here. Nobody will submit a suspicious report unless confidentiality is fully assured. So even before starting work here at the FIU, you have to go to the Supreme Court and swear an oath of confidentiality. But it is basically through the integrity culture that we've developed the approach that whatever it is, it should not influence you. We try to tell the staff that if you drink one more beer than you should have, you should close your mouth and go home. They absorb the culture.*

KURIS: So most of your suspicious transaction tips just come from banks doing kind of routine checks?

BIKOO: *No, banks develop their own indicators but we also help them. Actually new recommendations from the FATF last year—the FATF recommendations were revised in February 2012—said the FIU should conduct strategic analysis. We need to see the patterns of crime. With the new software we are buying and implementing, we can see the patterns of crime. We can look at where the leads are. Based on the scales we get, we develop indicators and patterns, which we post on our website.*

*The bank knows where the leads are. So they are careful. But the banks themselves have their own internal systems. Barclays, for instance, developed its own indicators and red flags.*

KURIS: Because they have their own liability.

BIKOO: *They know their customers more than we know them. Based on their knowledge, they also draft a report on suspicious transactions. But in Mauritius, we also have a threshold of 500,000 rupees. You cannot receive or pay more than 500,000 rupees in cash. So if somebody comes to the bank with more than 500,000 rupees, the bank will automatically file a report. Even in the case of a structured deposit, they will still file a report to us.*

*So we get STRs, Suspicious Transaction Reports, from all reporting entities. This means banks, nonbanks, barristers, everybody. Actually, Mauritius is very diverse— it has real estate agents, casinos etc. They report to us as well and we get disclosures. A disclosure is information we receive from ICAC, the police and regulators such as the FSC Bank of Mauritius. If during the course of their work they stumble upon something suspicious, they make a disclosure to us. Based on these leads, we may decide to start a new case.*

*Now, even some government agencies may make disclosures to us. Due to these circumstances, we get quite a lot of pressure for producing output. The more information we are supplied with, the higher the demand for our work.*

KURIS: Do you also just get them from whistleblowers, just from random people?

BIKOO: *We don't have whistleblowers, but ICAC has them. If I get a report from a whistleblower with no name, how can I go back and verify in case I need to in the future—no, we keep all our reports in a database. In the future, if we find that has a link then you make use of it. We also know that many people, if they don't like the dogs of their neighbors barking at night, they make a false STR. So we have to be careful. From the perspective of the FIU, we do keep all reports on record, but we can't work on them if there is no context, unless we find them very serious. Then, we try to investigate indirectly because we can't do so directly.*

KURIS: How do you prioritize?

BIKOO: *The most important thing we get is requests from the FIU for a report because of Egmont membership. This is one strategy—you should cooperate worldwide.*

KURIS: That makes sense.

BIKOO: *So once we get all that, we receive quite a large volume of inputs coming in. On top of that, there are variables unique to each case. So a case maybe very*

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*simple; on the other hand, it could be very complex with multiple ramifications. That is also important for the Egmont Group.*

KURIS: So how do you prioritize? With all these inputs coming in, how do you decide what to do?

BIKOO: *It depends. When assets in question are still here or can be located when we first receive our intelligence, we try to prioritize those cases because there is a big chance that we'd be able to seize the assets. That is the best way to go, when you know that the assets are still in their pockets. Then we also take into account other factors such as whether the assets are from abroad, whether the case might affect our national reputation and whether it will trigger further activity. For us, all cases are important.*

KURIS: I think it is interesting because you mentioned early on about how much economic activity there is just in Mauritius. There is a sophisticated economy here, unlike some other offshore banking centers.

BIKOO: *Many African countries, yes.*

KURIS: Is that a challenge for you guys that you had some domestic cases and international cases?

BIKOO: *No we don't distinguish domestic cases from international cases because crime is becoming increasingly international.*

KURIS: OK.

BIKOO: *I mean money and assets always go as far as they can from the scene of the crime.*

KURIS: I see. So there is no extra challenge of just dealing with the domestic sector?

BIKOO: *Mauritius has an international economy. We don't have exchange control in this country, so transactions are free so we treat almost all cases alike. A single case can have a huge implication. I agreed to protect the integrity of the financial system, and that is why we treat all cases alike, whether the abuse is coming from abroad or domestic sources.*

KURIS: Did the 2008-2009 global financial crisis impact your work at all?

BIKOO: *I think the Egmont Group did typological study on that. It is difficult to say yes. We participated in a workshop on that. The Egmont work was not that conclusive. But in Mauritius, because of the rigorous banking regulations, we were not affected by the crisis. We were not like the US with subprime loans and other securities. Here, the banks secure your house before they give you a loan. They put a cyclone insurance on it. You must also get a life insurance. If anything goes wrong, the bank gets its money. So in that sense we were quite protected.*

*The abuse of the banking system will come when people from outside are using correspondent banking and abuse the integrity the banking system. But banks in Mauritius are quite aware now. We started by organizing workshops to sensitize them to the risks associated with dealing with money. We have been holding workshops occasionally, every year. We organize national workshops to bring up new risks.*

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*Nowadays, everything is risk-based. So the FIU has started to work on conducting a national risk assessment. We will develop the risk-based approach: when the risk of crime is higher, more stringent rules will be applied; when the risk is lower, less stringent rules will be applied. These are the new things we are doing. But the FATF recommendation came only one year ago, so we are still in the process of adjusting according those recommendations.*

KURIS: So the preventive work you do is providing the guidelines for the banks and these training workshops?

BIKOO: *The indicators for the banks. There are a lot of STRs coming from South Africa, and we see a risk there. We inform where the risk is based on new developments.*

KURIS: I see, there are kind of dynamic risks, like they change.

BIKOO: Yes, because there are trends as well—gambling or whatever sector.

KURIS: So you kind of follow the trends.

BIKOO: *Follow the trends and put the results on our website.*

KURIS: Interesting.

BIKOO: *It is a major recommendation on the role of the FIU in the FATF Recommendation 29. In the past, the FATF recommended that countries consider the option of an FIU and join the Egmont Group. Now, they say that countries, or their FIUs, must join the Egmont Group.*

KURIS: Interesting.

BIKOO: *They also say that FIUs must a conduct strategic analysis, which was not a condition at the beginning. These are new developments since last year. Still they are grappling with the definition of Egmont and FIU. That is what we are reviewing in the Egmont Group.*

KURIS: When you conduct a strategic analysis, you put it on your web site and educate banks about it.

BIKOO: *You can organize workshops.*

KURIS: Yes.

BIKOO: *Now, we are working on AML (anti-money-laundering). We sanitize cases without giving the names of those involved in them so that banks understand the mechanism. New developments.*

KURIS: Is the sanitized cases a part of the best practices too or was that your own initiative?

BIKOO: *Egmont used to publish them, but now we are going to publish our own domestic cases.*

KURIS: Interesting. Has there been any kind of unexpected obstacles in your leadership here? Has there been anything that surprised you, or that was especially challenging?

**BIKOO:** *The big challenge has been making sure that the continent itself or these countries in the region also have good AML systems. This is important because Mauritius has become the hub for the Africa Region whether inward or outward investment in Africa, Mauritius is positioning itself.*

**KURIS:** OK.

**BIKOO:** *Otherwise, we'd be wasting our time. That is why we took that leadership role in Africa. I have been representing Africa in the Egmont Committee since 2003, and I am going to step down this year. South Africa will take over. And not only do we encourage other African countries to join Egmont Group, we also sponsor them. We train their officials here.*

*This year we had the board of the newly set up Kenyan FIU. Eight of them they came here, and I trained them by discussing our experience with them. Zambian agents also visited us and received training. Last month, parliamentarians from Uganda came here to meet with us. They were considering of passing a new law and they wanted to look at practical issues.*

**KURIS:** Is it ever difficult to convince African countries of the importance of these efforts?

**BIKOO:** *It is not difficult. It is a question of political will. In Mauritius we had strong political will right from the beginning for the reasons I explained. We have to be forward-looking. But in Africa there is a big problem concerning the lack of political will. There is also the nature of the African economy. They are cash-based economies, so you can't tell them don't use cash or things like that. There are also difficult problems of fixed addresses, identity cards and passports.*

*Where do they live? They move around. They do not have fixed addresses. It is the realities of Africa that make it difficult. But even then, we tell them that they should have the same standards. Otherwise, people will arbitrage. They will go and compete where the standards are the lowest. I think everybody realizes that FATF standards are universal.*

*There are many realities of Africa. I was working as a short-term consultant for the IMF and the World Bank. I did some work for them in West Africa. Mauritius encourage them to join the Egmont Group. So we went there and told them that the work of an FIU should be computer-intensive and that before an FIU can get to work, they must have access to information.*

*Then you look closely at why most of these countries do not have access to information. There are many problems. Most of the public bodies of these countries lack a computerized system. Moreover, people hold on to the information they have—they don't want to share information. A representative from one of the West African countries once told me: "Look, it is very sad to tell you but frankly, I have to bribe to get one financial agency's analysis, one piece of information."*

**KURIS:** Wow.

**BIKOO:** *He has to pay people to get information for the FIU. Can you imagine that? How do you settle the FIU reporting culture in these countries? It is difficult. You know very well the political realities of Africa. I remember the time when I went to Swaziland in 2005 or so. We had an IMF team, and I was working on the FIU side. We gave them advice. Last year, they enacted the law. People were*

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*concerned. If the King of Swaziland appoints somebody as the director of the FIU, it could be one of his close relatives. So they preferred to stay where they were.*

*Many other countries do not believe me when I tell them the way I was appointed. In their countries, somebody will just pick them.*

KURIS: Because the opposition had a role in appointing you?

BIKOO: *Yes, but there is a different system. Now, we also looked at Madagascar, and it was a political mess.*

KURIS: Yes.

BIKOO: *They established a good FIU with the help of World Bank. We set it up and screened them. They advertised the position of the head of the FIU in the public press. When it actually came down to the appointment, however, someone who did not even apply got the position. I won't give any names, but just to tell you the type of challenges we face. Mauritius, in conjunction with South Africa who is also in FATF, is trying to lead the work in this area.*

*In West Africa, there are some countries that are doing well, such as Nigeria. Ghana is also joining Egmont this year. Some of the dark horses—the Senegalese FIU is a really good one. We are trying to get them to get involved, and a number of FIUs are being launched in Algeria, Tunisia and Morocco. Their FIUs are already in Egmont.*

*So the challenge for me is that we can't say we have a good system if the neighbors around us are not as developed as we are.*

KURIS: Because you're not leading.

BIKOO: *You hear of many cases in Mauritius, India and so on. But it is the Mauritius FIU that has been sponsoring India to join the Egmont Group. We established our FIU in 2003; India, around 2005 or 2006. In 2007, the Mauritius FIU was a major sponsor of India to join the Egmont group. The way I see things is that you have to be a leader in your region. India originally had a corrupt system, but now they are doing well. Their FIU is one of the most effective. They have the power of technology. So their FIU can adopt the role of changing the country itself.*

*FIUs are the center of the financial information. You can see whether the regulatory system is working well. You can see a lot of things from the FIU, from your data analysis and your strategic analysis. So certain countries like India, even Nigeria, and many other big FIU's were struck by the Australian FIU. That FIU is the center of AML-CFT (Anti-Money-Laundering Combating the Financing of Terrorism) information.*

*From the FIU point of view, we can see whether an anti-corruption strategy is working well. Because we have the information and we don't see anything that is pending. That is why the FIU is feared in many countries. But we are doing our job. We are just helping the framework work.*

KURIS: You mentioned the political challenges that these leaders in other African countries face. Have you had to deal with any political challenges?

BIKOO: *In Mauritius?*

- KURIS: In Mauritius. I mean it is such a small country.
- BIKOO: *Not really. There is a consensus that it should be independent. There was even a case some years ago, when I got a STR relating to the wife of someone above. But I got the STR, and I have to do my job.*
- I submitted my financial investigative analysis report to ICAC. I don't know what happened afterwards. This instance illustrates the independent approach I take. I get an STR and do my job. What others do is not my problem. My job stops when the intelligence report and analytical report leave my office.*
- KURIS: Because you're just doing a technical evaluation?
- BIKOO: *Right. But in the process of doing that, you come to know a number of things.*
- KURIS: Yes.
- BIKOO: *You come to assess whether the regulators are doing their job. That's why you feel that the FIU is often, in this country or elsewhere, the right approach to improving an environment full of corrupt minds.*
- KURIS: Right.
- BIKOO: *Try to crack down on corrupt practices, increasingly and little by little. India is a great example. Increasingly, Indian people are realizing the importance of the FIU.*
- KURIS: Have you felt that your resources here are sufficient?
- BIKOO: *We've improved a little bit. I mentioned that you could oversee the regulatory work from the FIU's perspective. In December of last year, we amended the law based on an advice from the IMF. The FIU was given some regulatory role with respect to AML-CFT.*
- KURIS: In Mauritius?
- BIKOO: *Yes, now I am also the AML-CFT regulator for real estate and jewelry business. I became the AML-CFT regulator in December 2012. That is why about two weeks ago, I went to South Africa to see how they do, because they are regulating the real estate business. As you see in small islands where land is very expensive and in Mauritius also as we develop resorts schemes, real estate cannot be neglected. That is an area where we've just started to regulate as well, besides being in charge of the FIU.*
- KURIS: Why did they give the authority to you guys?
- BIKOO: *Word gets around. Barristers have given that responsibility to the Bar Council, the Chamber of Notaries. The financial reporting council, the AML-CFT accountants and other auditors are involved as well. So some regulatory bodies were in existence even before, but when real problems arise, they are given to the FIU to solve. I take it as a challenge. It might be tough and, they will have to give me additional funding. I can do it if I am given the chance.*

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*Actually, one of the recommendations of the IMF was that the FIU should undertake all these difficult tasks, which do not fall within the boundaries of AML-CFT.*

KURIS: I see.

BIKOO: *But you need resources to do it. There is an increasing role for the FIU, an increasing connection between FIU work and compliance work. Through the FIU statistics analysis, we can see where people have failed to comply with regulations.*

KURIS: So from your cockpit where we can see everything in the country, do you see any vulnerability in the anticorruption system in Mauritius? Do you see anything that needs work, any problems?

BIKOO: *I think they are doing quite a lot of work on the prevention side. They are doing a lot of training. I remember some years ago, I talked to the FBI while working closely with the Department of Treasury in Malawi. Malawi also has an FIU and is in the Egmont Group now. I suggested to the FBI they should also come and help Mauritius develop investigatory skills in ICAC.*

*So the Americans came and set up training programs and with their help, we were able to get the system going. For the last five years, I have been busy with my own work. I cannot talk about the challenges that ICAC faces.*

KURIS: I'll talk to them.

BIKOO: *The people there are recruited from certain sectors, and I don't know the issues.*

KURIS: But structurally, do you think things are sound here? Are there any gaps in the law or institutions?

BIKOO: *I don't think there are gaps in the law. It is probably a question of human resources. This is a basic problem in many developing countries. If you look at countries like Belgium or the US, for years they have been members of FATF and so on. The human resource base is there, but for we are pretty recent—we only have ten, eleven years of experience. We started the FIU in 2002.*

*What we are doing now and actually trying to push for is more education on financial regulation. Right now, we have both public universities in Mauritius providing training programs. I personally am teaching an MBA course as well on financial regulations.*

KURIS: Interesting.

BIKOO: *FATF recommendations.*

KURIS: Maybe then you can become a regional hub for education?

BIKOO: *I want to get the universities behind that as well. We should teach not only about financial law and financial development, but also about the regulatory framework and the anti-money-laundering program we have in place. So I have been working on that for three years now.*

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*I can tell you that we once introduced a course on financial delinquency and anti-money-laundering. But I did not like the structure so I removed it. We have tried to build a close relationship with the universities that are closer to us.*

KURIS: Yes, the Open University.

BIKOO: *We are trying. Maybe with greater support, we can come up with a Master's program solely focusing on financial crimes, FATF and so on. That is what I am working on now.*

KURIS: Do your investigations and your regulations ever touch on political finance, like campaign finance issues?

BIKOO: *Yes, but we need a STR as the starting point. If we get a STR, we have to investigate it. If we don't get it, it is difficult to launch an investigation.*

*For example, I told you about the case in which I had to investigate the wife of a minister. I got an STR on the wife.*

KURIS: I think that's pretty much all my questions. Thank you very much. I've taken a bit of your time.

BIKOO: *I made time for you. There were some people who came from Yale University.*

KURIS: That's where I went for undergraduate.

BIKOO: *I went to the London School of Economics 25-30 years ago.*

KURIS: Have you done any work with Botswana by any chance?

BIKOO: *Botswana, yes. The Department of Trade called me. I met them few years ago but they have a big problem. They are starting an FIU there, no? Have they started yet or no?*

KURIS: I don't think so.

BIKOO: *I think [indecipherable]. An American was there, no? With a FIU? They called me once and told me that they needed some guidance. But then, I have not heard from them since. They have been going about that for a number of years now.*

KURIS: I was also doing research there.

BIKOO: *I am not doing much with them, no. I work mainly with a few West African countries like Senegal, Cote d'Ivoire, Mali and Burkina. In East Africa, we work mainly with Malawi, Swaziland and now Namibia. In the Indian Ocean, we are helping Madagascar, Seychelles and maybe Comoros. Comoros is so small. There is no activity. Yet, they are going through a mutual evaluation with the IMF. Have you been there, Comoros?*

KURIS: No, I've never been there.

BIKOO: *A very small group of islands in Africa.*

KURIS: It is pretty secluded.

BIKOO: Yes.

KURIS: You work with India too, you said.

BIKOO: *We work a lot with India. Actually, last year, we had a big international workshop in the wake of the new FATF recommendations. The Director of FIU of India was here as a resource person. We have a very good close relationship with India. As I said, we sponsored them and now they assist us also. I think their FIU is one of the leading groups. They have developed new systems as well.*

*Our strategy is very broad-based and we tried to get countries in the region to help each other. In Mauritius, we make sure we are putting the standards in place.*

KURIS: Because Mauritius is a very big FDI investor in India, yes?

BIKOO: *Yes. I think the largest foreign investor in India now.*

KURIS: It is crazy to image that such a small country is doing so.

BIKOO: *It is part of the offshore framework that we created, although we don't use the word offshore anymore—we call it global business.*

KURIS: Does that create problems? I mean just having this structure for investments?

BIKOO: *It doesn't cause any problems. For the past ten, twenty years, many countries in the OECD (Organization for Economic Cooperation) have face problems caused by an aging population that calls for more public funding on the one hand and more domestic funds being invested abroad in emerging markets on the other. In response, in the 90s, the OCED published a book called the OECD Harmful Tax Competition. They tried to list countries that were considered as tax havens. Mauritius was never put on that list.*

KURIS: OK.

BIKOO: *I was a regulator at the time. Mauritius protested against the OECD. We argued that Mauritius was not a rock island, and that we were an economy helping capital flow from the northern hemisphere to India. They could not possibly describe us as a tax haven. Moreover, we exchanged tax information and we had no problem doing so.*

KURIS: So no bank secrecy.

BIKOO: *No. We exchange information, and with the AML-CFT standards we had put in place, no one can abuse our system to get their hands on India. The issue is more on the Indian side than ours.*

*India is a country that is highly taxed. The tax authorities in India have a communist way of thinking about things. Everybody should pay tax.*

*Now, you can come to Mauritius to invest in India. So indeed we are making capital flows to India and capital flows help the India economy.*

KURIS: Do the Indians get upset about this?

BIKOO: *Yes, many have raised their voices on this issue in India, but there is not much debate going on in the government. Occasionally, you'll see press articles in*

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*India that say negative things about Mauritius, as if we're just a rock island offshore. Indians think that you can come to Mauritius, sit on the beach with a laptop and start transferring billions. But that is not true—if only those Indian tax authorities can see what we have in place. In order to engage in offshore commerce in Mauritius, people must go through various procedures: they must have their audited accounts prepared here; they need to use local banks in the region they are investing in—offshore banks; they need to have two directors appointed here so their activities are also adding value to our economy.*

*All these big companies in Mauritius are doing this. You come out to here and you'll see life, see us working. These companies are offshore companies that conduct transactions all over the world. They employ Mauritians as their professionals. There are jobs in the offshore sector.*

KURIS: So they are not just post office boxes.

BIKOO: *No, we don't allow that. I don't see any great threat to offshore. Actually, our work is very strong now. The FSC has got a lot of people working there. They brought experts, training people, from abroad. So I don't see any problems in the offshore sector. You know the reality of world: since we're small, it is easier to attack us.*

KURIS: And because you are an island, you can see how people associate you with other less-than-positive images.

BIKOO: *But Mauritius is a very happy island. We are not facing any economic difficulties as of now. Our economic growth will turn out to be around 3.5% this year. The financial crisis worldwide has not affected us.*

KURIS: I see. So you developed your offshore sector, taking advantage of the kind of strong governance that you have and good tax structures.

BIKOO: *An advantage also comes from being near a natural market like India. In India, they speak English. India shares the common law system with former British colonies. And as a result of that, people come and make use of the business sector in Mauritius.*

KURIS: I see.

BIKOO: *I wish you plenty of success in your work. If you have any questions, do not hesitate to ask me.*