

# How Mauritius' International Financial Centre compares with the Dubai IFC

Didier Viney, Head of International Operations & Outsourcing at DTOS Mauritius, takes us through the key corporate structures offered by the two leading, Africa-focused IFCs of Mauritius and Dubai, and explains how the two jurisdictions are well equipped to cater for investments into the continent

For decades, the economic development of The United Arab Emirates (UAE) was based on their crude oil and gas reserves. However, in the early nineties, the UAE federal government decided to pursue a diversification programme with a view to reduce its monetary dependence on oil.

As a result, the UAE grew an appetite for developing its financial service sector, with the aim of becoming an International Financial Centre (IFC) of note. IFCs serve as clusters of excellence and expertise in economic and financial services and strive to deliver inclusive and sustainable development as part of an integrated network. They display modern networks and infrastructures, flexible yet sound regulation, and the ability to attract foreign investors.

It was thus that the government of Dubai founded the Dubai International Finance Centre (DIFC), along with the Dubai Financial Service Authority (DFSA) as its regulator, in 2002.

## UAE, an alternative gateway to invest in Africa

Since its inception in 2002, the Dubai financial services sector has become an integral part of the global financial services space, featuring as it does both onshore and offshore jurisdictions. The Dubai offshore sector is housed within the DIFC and is independent of the federal system.

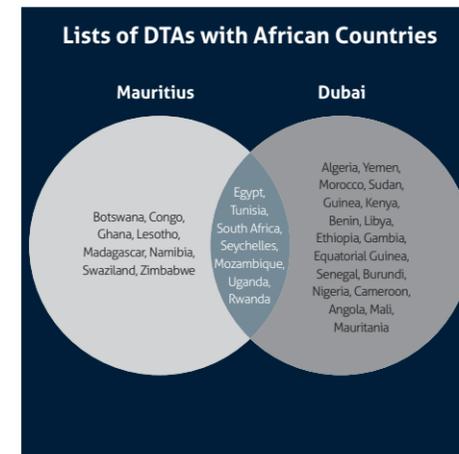
Aptly positioned at the crossroads of the MEASA (Middle East African and South Asian) region, the DIFC acts as a perfect gateway for both continents with huge potential: Africa and Asia. Here are some statistics that show the success of the DIFC:



## How Mauritius stacks up vis-a-vis Dubai

As popular International Financial Centres, Mauritius and Dubai have many common characteristics and attributes, similar competencies, and offer complementary services, albeit with a few key distinctions.

Coming to the similarities, both Mauritius and the UAE have Africa as their focal point. Overall, Dubai has signed 117 Double Taxation Agreements (DTAs) featuring 25 African countries within, whilst Mauritius has signed 46 such conventions, 15 with African



states. Together, these two jurisdictions' DTAs cover more than 60% of African countries.

In terms of the key differences, while Dubai has a natural proximity and a lot of business and cultural affinities with Northeast African countries, Mauritius has maintained close ties with Southeast African countries. Moreover, when it comes to trade blocs, Mauritius is part of the SADC (Southern African Development Community), COMESA (Common Market for Eastern and Southern Africa) and the AfCFTA (African Continental Free Trade Area), a combined market of more than 406 million inhabitants, while Dubai is part of the GCC (Gulf Cooperation Countries), a trade bloc of more than 54 million inhabitants.

## Corporate structures offered by the Mauritian and Dubai IFCs

Taking a leaf from the IFCs themselves, the legal vehicles available in Dubai and Mauritius showcase some similarities and differences too.

When it comes to similarities, both jurisdictions allow for corporate structures which can be 100% foreign owned. For instance, the Mauritian GBC (Global Business Company) structure shares many characteristics with the Free Zone companies offered by the UAE. To elaborate, there are 45 Free Zones in the UAE, with DMCC (Dubai Multi-Commodities Centre) and RAKEZ (Ras Al Khaimah Economic Zone) being key ones, where DTOS also has its presence. These Free Zones are located geographically in the UAE with companies set up in these zones referred to as Free Zone companies.

Their activities are to be conducted outside the UAE, and within the free zones, just like the case for Mauritian GBCs. Another corporate structure offered in UAE is the IBC (International Business Company) which can be compared to the AC (Authorised Company) in Mauritius. Both structures have their activities conducted outside their jurisdiction.

However, in comparison to Mauritius where the characteristics of a GBC are always the same, in the UAE, the characteristics of a Free Zone company can differ from one Free Zone to another. Moreover, in terms of the timeframe to set up structures, both jurisdictions have the agility and flexibility to meet the time expectations of investors.

## The way forward: FinTech first

With the cause of FinTech in Africa being accelerated in a COVID-19 context, as is the case globally, the continent is well poised to receive investments into its vibrant start-ups in areas such as mobile money and related mobile finance management services like insurance, credit and international remittances.

As such, both the Mauritian as well as the Dubai IFCs must gear themselves to cater for investments into the continent's innovative start-ups. Here, Mauritius offers a conducive ecosystem with a Regulatory Sandbox License Regime operated by the Economic Development Board since 2016, and the current Budget announcing that the Bank of Mauritius will be authorised to set up an Open-Lab for banking and payment solutions while the FSC will be similarly vested with powers to set up such FinTech innovation hubs and digital labs for the non-banking financial services sector. Meanwhile, Dubai has recently unveiled the DIFC Innovation Hub, which is the region's first ecosystem dedicated to bringing FinTech and innovation communities together. Significantly, not only will the DIFC Innovation Hub connect start-ups with commercial partners, but it will also actively deliver financial initiatives to provide funding.

Ultimately, with both IFCs equipped with the right infrastructure and mix of product offerings by way of corporate structures that appeal to investors, as well as ably positioned to serve Africa's innovative start-ups with conducive FinTech ecosystems in place, it is clear that Mauritius and Dubai can not only keep pace with the needs of Africa-centric investors – but keep them coming for more.



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