

A Case Study on

Mauritius Commercial Bank's Digital Transformation Journey

Leading the way with technology, efficiency, and customer focus

Frank Schwab, January 2025

Executive Summary

The Mauritius Commercial Bank (MCB) has undergone a significant digital transformation that has positioned it as a leading financial institution both in Mauritius and the region. Established in 1838, MCB is the largest bank in Mauritius, with a balance sheet size of USD 18.4 billion as of 2024 and net profits of USD 330 million. MCB's market share in domestic credit and deposits stands at 41% and 48%, respectively. Its strategic focus on digital channels has led to 85% of retail transactions being processed online, with its mobile app, "MCB Juice," boasting over 500,000 users. MCB's operations span internationally, contributing 63% of its profits in 2023, with expansions into markets like Madagascar, Mozambique, and India. The bank's robust digital infrastructure includes the adoption of Oracle Exadata, reducing batch processing times by 64% and cutting database patching durations by 99%.

MCB has diversified its offerings, providing products such as green loans for sustainable projects and SME-targeted solutions like JuicePro. MCB's loan portfolio has grown at a CAGR of 13% from 2017 to 2024, while customer deposits increased by 12.37% annually over the same period. A capital adequacy ratio of 19.8% and a NPL ratio of 2.8% underline its financial stability. Innovations like SmartApprove have streamlined corporate transactions, achieving a 90% straight-through processing rate, while partnerships with firms such as Backbase and MobiQuity have enhanced customer experience across segments.

The bank has invested over USD 100 million in software and technology since 2017. MCB has expanded its employee base to 3,300, maintaining a high retention rate of 96%. Its operational efficiency is demonstrated by a Cost-to-Income Ratio (CIR) improvement to 33.6% in 2024. The implementation of AI and predictive analytics in credit scoring has strengthened risk management, while digital lending reduced loan approval times to as low as four days for personal loans.

Customer-centric initiatives, including Juice Invest for wealth management, have enhanced user engagement, with over 29,000 active portfolios by late 2023. The integration of Windward's AI-powered compliance tools has streamlined maritime trade finance, while the Punch marketplace supports over 3,000 SMEs.

As MCB continues to leverage technology and partnerships, it sets a benchmark for innovation and resilience in the banking industry.

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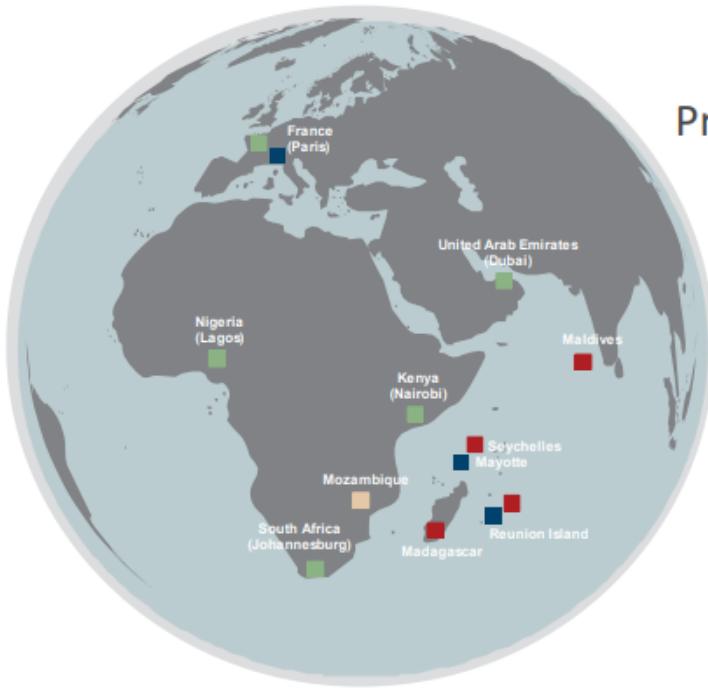
Mauritius Commercial Bank in a Nutshell

Mauritius Commercial Bank (MCB), founded in 1838, is not only the oldest but also the largest financial institution in Mauritius. It is also the oldest banking institution south of the Sahara and one of the few in the Commonwealth to have retained its original name while continuously operating in the same sector since its inception. The bank maintains a local presence with a network of 39 modern branches and 180 ATMs across Mauritius.

Mauritius Commercial Bank	As of 30th June, 2024
Founded	1838
Headquarters	Port Louis, Mauritius
Founder	Mr. James Blyth
Company Type	Private Subsidiary of MCB Group Ltd
Market Cap (MCB Group, January 2025)	USD 2.43 billion
Balance Sheet Size	USD 18.42 billion
Net Profit	USD 330 million
Return on Equity	19.1%
Cost-To-Income	33.6%

Present mainly in the commercial banking sector, MCB is diversifying in the non-bank financial services which include leasing, factoring, asset management, private equity, stockbroking, registry and investor services business. The MCB Group's organizational structure reflects its dual strategy of diversifying into financial services through local subsidiaries and associated companies, while expanding regionally via its foreign subsidiaries. MCB has established operations in Madagascar, Maldives, Mozambique, and Seychelles. Additionally, the Group has strengthened its footprint in Réunion, Mayotte, and Paris through its associate, BFCOI. Since opening a representative office in Johannesburg, South Africa in 2008, the Group has been actively involved in project and trade financing across several sub-Saharan countries and has extended its reach into markets like India.

As of 2023, MCB generates 63% of its profits from its international operations, a demonstration to the success of its geographical diversification strategy. This international focus is also aligned with MCB's goal of becoming a leading African financial institution, supporting growth in key sectors across the continent.



Presence in **11** countries
outside Mauritius

Wide network of
Correspondents
Banks o/w ~ 100

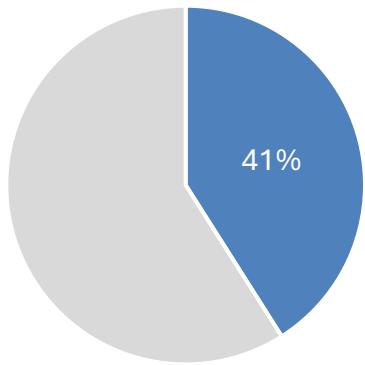
in Africa

- Banking subsidiaries of the Group
- Representative/Advisory Offices of the Bank
- Group associate (BFCOI)
- Group associate (Société Générale Moçambique)

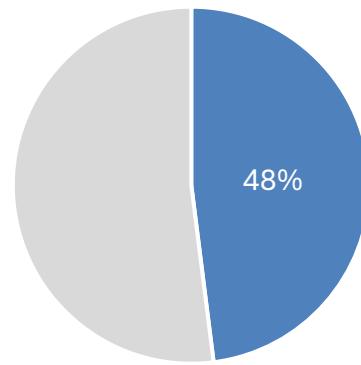
MCB's operational strategy revolves around leveraging digital technologies to streamline processes and enhance customer satisfaction. The bank has a robust digital platform, with over 85% of its retail transactions being processed through digital channels. MCB's "MCB Juice" mobile banking app, for instance, is used by more than 500,000 customers, reflecting its commitment to enhancing convenience and accessibility for its clients. MCB's strategic priorities include driving innovation, expanding its market share, and focusing on sustainable banking solutions to support long-term growth.

Domestic Market Shares of MCB

Domestic Credit to the Economy



Local Currency Deposits



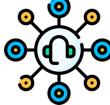
The bank has also embraced environmental, social, and governance (ESG) initiatives as part of its strategy, having issued a Green Bond valued at USD 60 million in 2023, aimed at financing projects related to renewable energy and sustainable development.

Mauritius Bank's Comprehensive Product Suite

Mauritius Commercial Bank (MCB) offers a comprehensive product suite designed to serve a diverse clientele, including retail customers, SMEs, and corporate entities. Key offerings include **JuiceByMCB**, a leading mobile banking app for seamless transactions, bill payments, and transfers, as well as a range of credit cards like Visa Classic, Gold, and Platinum. For businesses, MCB provides trade finance, factoring, and corporate loans, along with tailored solutions for SMEs. The bank also offers wealth management services for high-net-worth clients and has introduced green loans to support sustainable energy projects, aligning with its commitment to environmental sustainability.

Retail Banking Products

Mauritius Commercial Bank (MCB) offers a diverse range of retail banking products designed to meet the everyday financial needs of individual customers. From cutting-edge digital banking solutions like **JuiceByMCB** to a variety of personal loans, savings accounts, and credit card options, MCB ensures its retail clients have access to convenient, flexible, and secure financial services that cater to different lifestyles and preferences.

Everyday Banking	Banking Channels	Payments Services
 <ul style="list-style-type: none">• Deposit Accounts (current & savings)• Multi-currency accounts• Cross-currency transfer & remittances (Forex transactions)• Overdrafts• Debit, credit & pre-paid cards• Distribution of general	 <ul style="list-style-type: none">• Branch Network• ATM• Internet Banking• Mobile Banking: MCB Juice• SMS Banking	 <ul style="list-style-type: none">• Local & International money transfers• Mobile refill & payments• Standing order instructions & direct debits• Bank drafts• Book transfers• Bill payments

Financing Solutions



- Home Loans
- Personal Loans
- Education Loans
- Car financing & green leases
- Green loans
- Lombard facilities

Savings & Investment



- Education plan / Retirement plan
- Investment funds
- Custodian services
- Fixed Deposits
- Distribution of life insurance plans, treasury bills & government bonds

Wealth Management



- Wealth Planning
- Discretionary portfolio management
- Non-Discretionary investment management
- Investment trade execution
- Access to private equity groups and deals
- Lombard financing

Business, Institutions & Corporate Banking Products

The Bank offers a diverse range of tailored banking products designed to meet the financial needs of small and medium-sized enterprises (SMEs) and large corporations. These products include **working capital loans**, **trade finance**, and **business credit lines**, aimed at supporting day-to-day operations and business expansion. MCB also provides specialized services like **factoring**, **cash management**, and **project financing**, ensuring that businesses have access to the financial tools they need to grow, innovate, and compete in both local and international markets.

Payments & Cash Management Solutions	Financing Solutions	International Trade Finance
 <ul style="list-style-type: none">• Electronic points of sale & cards acquiring services• Corporate credit cards• E-commerce• International transfers• SWIFT services• Transfers & remittances• Cash management solutions, internet banking and SmartApprove application• Mobile banking solutions• SWIFT gpi• Host to Host application	 <ul style="list-style-type: none">• Short & long-term loans• Green loans• Syndicated loans• Bridging loans• Structured finance• Asset-based lending• Lokal is beautiful Scheme• Lombard facilities• Express overdraft, overdrafts & working capital• Leasing	 <ul style="list-style-type: none">• Import & Export• Credit Protection• Bank guarantees• Standard trade finance• Structured commodity finance• L/C re-issuance / confirmation• Secondary asset trading• Traditional trade finance solutions• Trade receivables & payable financing• Supply chain financing• Sustainable supply chain financing

Transactional Banking



- Deposit accounts
- Multi-currency accounts
- Internet Banking (IB)
- IB Pro and SmartApprove
- Bank drafts
- Cross currency transfer & remittances
- Overdrafts
- Mobile banking: MCB JuicePro

Business Services



- Checking facilities
- Payroll services
- Secretarial services
- Online business account opening
- Bulk payment

Financial Markets Solutions



- Foreign Exchange solutions
- Money Markets & Fixed Income
- Hedging solutions (Foreign Exchange, Interest Rates, Commodities)
- Yield Enhancement Solutions
- Insights & Research

Investment Related Services



- Securities & custodian services
- Dual currency deposits
- Investment trade execution

Outsourcing & Advisory Services



- Payments outsourcing
- Corporate finance advisory
- Investment advisory
- Online marketplace: PUNCH
- MCB Global Trade Portal

Financial Insights and Performance Metrics

The Mauritius Commercial Bank Limited (MCB) has demonstrated a steady growth trajectory across key financial metrics over the past eight years, reflecting the bank's resilience and strong market positioning within Mauritius and beyond.

	2017	2018	2019	2020	2021	2022	2023	2024
Financial Position								
Balance sheet size in billion Rs	316	352	429	486	626	665	762	865
Customer Loan in billion Rs	166	194	220	237	270	319	346	389
Customer Deposits in billion Rs	272	279	307	364	454	481	548	634
Financial Performance								
Profit Before Tax in million Rs	7,649	8,415	10,443	8,639	8,751	10,594	15,900	18,992
Profit After Tax in million Rs	6,246	6,788	8,765	7,409	7,396	8,948	12,959	15,446
EPS in million Rs	9.08	9.86	12.74	10.77	10.73	10.08	14.59	17.39
CIR in %	37.60%	37.00%	33.70%	32.50%	34.10%	35.20%	32.90%	33.60%
Return on Equity	17.80%	17.20%	19.00%	14.60%	12.70%	13.80%	18.20%	19.20%
Capital Adequacy Ratio	17.40%	15.60%	16.60%	17.50%	16.80%	17.20%	18.30%	19.80%
Asset Quality								
Total Non-Performing Assets in million Rs	9,699	8,508	9,344	9,802	9,871	12,384	11,794	NA
Gross NPL Ratio	5.90%	4.10%	3.80%	3.80%	3.20%	3.40%	3.00%	2.80%
Provision Coverage Ratio	39.80%	49.20%	28.90%	33.10%	40.20%	36.10%	67.80%	74.50%
Cost of Risk (Impairment Charges as a % of Loans)	0.57%	0.59%	0.58%	1.87%	1.43%	0.91%	0.90%	0.80%

Impairment Charges in million Rs	951	1,229	1,456	4,818	4,601	3,392	3,520	3,329
Clientele Details								
Correspondent Banks (Number)	NA	1,300	1,150	750	460	400	NA	NA
Branches / Kiosks (Number)	39	39	40	40	41	39	39	NA
ATMs (Number)	176	177	177	178	182	179	179	NA
POS Terminals (Number)	6,883	7,105	8,000	9,300	11,100	12,000	12,900	NA
Customers ('000)	960	977	1,005	1,000	1,000	1,059	1,091	NA
MCB Juice (Mobile Banking) Subscribers ('000)	124	180	261	330	398	428	521	NA
Net Banking Subscribers ('000)	159	192	220	240	264	286	NA	NA
Workforce Details								
Employees	2,682	2,696	2,861	2,923	3,000	3,100	3,300	NA
Employee Retention Rate (%)	NA	95%	96%	97%	97%	96%	95%	NA
Employee Turnover Rate (%)	NA	4%	4%	4%	3%	5%	7%	NA

* Financial Year ends in June of each year

The balance sheet size of the MCB has been steadily on the growth path, from MUR 316 billion in 2017 to MUR 865 billion by 2024, which implies a CAGR of 15% during this period. This growth highlights MCB's ability to attract substantial deposits and efficiently manage its lending portfolio. Particularly between 2022 and 2024, the balance sheet has surged by over MUR 200 billion, marking a significant increase in the scale of its operations.

Customer loans increased from MUR 166 billion in 2017 to MUR 389 billion by 2024, demonstrating a robust CAGR of 13%. The bank has been successful in expanding its lending activities, particularly from 2020 onwards, with a notable increase of 64% in four years. Simultaneously, customer deposits have surged from MUR 272 billion in 2017 to MUR 634

billion by 2024, showcasing a strong depositor confidence. The bank's deposit base grew at a CAGR of 13%, outpacing loan growth in some periods and enhancing its liquidity profile. MCB has maintained a healthy profitability trend, with Profit Before Tax (PBT) rising from MUR 7,649 million in 2017 to MUR 18,992 million by 2024, with a substantial CAGR of 14%. The bank's ability to generate significant profits even during challenging periods, such as 2020, underscores its operational efficiency. After-tax profits, despite a dip in 2020 to MUR 8,639 million, rebounded to MUR 15,446 million in 2024. During the rebounding period of 2020 to 2024, PBT has shown a strong CAGR of 29%. Similarly, Return on Equity (RoE) increased from 17.8% in 2017 and peaked in 2019 at 19%, only to drop significantly to 12.7% in 2021, before recovering to 19.2% by 2024. This rebound from 2021 to 2024 reflects strong post-pandemic profitability and efficient capital management.

Earnings Per Share (EPS) grew from MUR 9.08 in 2017 to MUR 17.39 in 2024, indicating a CAGR of 10%, reflecting the bank's ability to deliver increasing returns to shareholders. The increase in EPS aligns with the bank's strong profit growth and improved operational leverage.

MCB's Cost to Income Ratio (CIR) improved consistently from 37.6% in 2017 to 33.6% in 2024. This reduction signifies enhanced operational efficiency and cost management strategies, as the bank continues to invest in technology and streamline its processes. A lower CIR is indicative of MCB's efforts to maximize operational profitability while managing its cost base effectively.

The bank has steadily improved its asset quality, as seen in the decline of its Gross Non-Performing Loan (NPL) Ratio from 5.9% in 2017 to 2.8% in 2024. This improvement reflects stronger risk management practices and a disciplined credit monitoring process. Additionally, the Provision Coverage Ratio rose significantly from 39.8% in 2017 to a remarkable 74.5% by 2024, reflecting a prudent approach to provisioning against potential credit losses.

MCB has consistently maintained a solid capital base, with its Capital Adequacy Ratio (CAR) hovering between 15.6% and 19.8% from 2018 to 2024. This capital buffer provided the bank with a strong foundation to survive economic shocks.

MCB has expanded its customer base from 960,000 in 2017 to 1,091,000 by 2023. Moreover, the increasing adoption of digital services, such as mobile and net banking, is evidenced by the growth in MCB Juice (Mobile Banking) subscribers from 124,000 in 2017 to 521,000 in 2023. The rising number of POS terminals from 6,883 in 2017 to 12,900 in 2023 further indicates MCB's growing reach and service accessibility.

Employee numbers have grown steadily, reaching 3,300 by 2023, reflecting MCB's expansion and operational needs. The bank has maintained high employee retention rates, averaging

96% from 2018 to 2023, and has effectively managed turnover rates at 4-5%, demonstrating its focus on human capital retention.

While The Mauritius Commercial Bank Limited has displayed commendable growth across its key metrics, past challenges in asset quality and short-term fluctuations in RoE, particularly between 2020 and 2021, present areas for careful management going forward. Looking ahead, MCB's solid financial foundation, digital expansion, and strengthened asset quality will likely enable it to navigate the challenges in future while continuing its growth momentum.

Revenue Breakdown and Profit Margin Analysis

The Mauritius Commercial Bank Limited has a universal banking business model, encompassing retail, business, corporate, institutional, and correspondent banking services, which adds significant depth to its revenue streams. This model allows MCB to diversify its income sources across multiple banking segments. Across these segments, The Mauritius Commercial Bank Limited (MCB) generates revenue through two primary channels: Net Interest Income and Non-Interest Revenue, each contributing to the bank's robust financial performance. Below is a breakdown of the bank's revenue streams –

Net Revenues (Rs in Million)	2017	2018	2019	2020	2021	2022	2023	2024
(A) Net Interest Income	8,879	10,109	12,253	13,103	13,690	13,933	18,480	22,421
(B) Non-Interest Income								
Net Fee and commission expense	2,607	3,097	3,363	3,344	3,866	5,176	5,844	6,677
Profits arising from dealing in foreign currencies	1,620	1,832	1,216	1,620	1,227	1,717	2,769	3,358
Net G/(L) from Equity at FVTPL	6	18	8	426	611	-291	564	476
Net G/L) from Other Financial Instruments at Fair Value	100	-381	651	745	165	163	280	0
Dividend Income	108	63	59	36	36	79	102	106

Other Operating Income	32	18	30	-1	148	77	79	112
(B) Non-Interest Income	4,473	4,647	5,327	6,170	6,053	6,921	9,638	10,729
Net Revenues	13,352	14,756	17,580	19,273	19,743	20,854	28,118	33,150

Geographical Profit Contribution	2017	2018	2019	2020	2021	2022	2023	2024
Domestic (%)	NA	51%	37%	26%	46%	43%	37%	NA
Foreign (%)	NA	49%	63%	74%	54%	57%	63%	NA

Net Interest Income

Net Interest Income remains the largest contributor to MCB's total revenues, accounting for approximately 68% throughout the years. This revenue stream has grown significantly from MUR 8,879 Mn in 2017 to MUR 22,421 Mn in 2024, representing a CAGR of approximately 13.5% over the period. The significant rise in Interest Income from MUR 16,470 Mn in 2022 to MUR 42,936 Mn in 2024 can be attributed to the prevailing higher inflation and interest rate environment across the countries.

Non-Interest Revenue

Non-Interest Revenue is primarily driven by transaction banking activities, fee-based services, foreign exchange dealings, and gains/losses from financial instruments.

MCB's Net Fee and Commission Income has consistently grown, driven by increasing transaction banking activities. It expanded from MUR 2,607 Mn in 2017 to MUR 6,677 Mn in 2024, representing a CAGR of 13%. This income primarily arises from services related to the bank's transaction banking, and retail offerings.

The bank's Profit from Foreign Currency Dealings has also shown robust growth, from MUR 1,620 Mn in 2017 to MUR 3,358 Mn in 2024. Margins on foreign currency earning assets have improved over the years, bolstering overall revenue contributions. This reflects MCB's strategic focus on capitalizing on foreign markets, which contributed 63% to the profit in 2023, up from 37% in 2019.

MCB's ability to consistently expand its revenue base is a result of diversified income sources. The bank generates revenue not only from traditional interest-based activities but also from

non-interest sources such as foreign exchange trading and fee-based services. This diversification allows MCB to mitigate the impact of interest rate volatility while ensuring sustainable growth.

In summary, MCB's revenue generation model is characterized by a balanced approach, with a substantial portion coming from interest income, enhanced by the rising interest rate environment, and complemented by a growing share of fee-based income and foreign exchange profits. The consistent growth in these areas demonstrates MCB's ability to adapt to market conditions and capitalize on emerging opportunities.

Strategies for maintaining healthy margins

MCB has consistently maintained healthy margins, primarily due to its strategic focus on Net Interest Margin, cost efficiency, effective risk management, and asset quality improvement. These strategies have helped MCB to navigate challenging economic environments and maintain its profitability.

Net Interest Margins:

The Net Interest Margin (NIM) is a critical metric that measures the difference between the interest income generated by MCB and the interest paid to depositors, expressed as a percentage of its average earning assets. The following table summarizes MCB's NIM over the past years:

	2017	2018	2019	2020	2021	2022	2023	2024
Net Interest Revenue (Rs in million)	8,879	10,109	12,253	13,103	13,690	13,933	18,480	22,421
Net Interest as % of average earning assets	3.30%	3.40%	3.60%	3.30%	2.70%	2.40%	2.90%	NA

MCB's Net Interest Revenue consistently accounted for approximately 68% of the bank's total net revenue, underscoring its significance in the overall revenue model. Despite facing challenges, such as the impact of the COVID-19 pandemic and a strategic shift towards shorter-term loans, MCB has demonstrated resilience. The Net Interest Revenue has grown at a robust CAGR of 14% from 2017 to 2024. However, the percentage of net interest income to average earning assets experienced a notable decline from 3.6% in 2019 to 2.4% in 2022. This drop was primarily due to the pandemic effects on loan demand and the strategic pivot to shorter-term lending. Nevertheless, MCB successfully improved its net interest margin to

2.9% in 2023, driven by enhanced margins on foreign currency earning assets. This strategic emphasis on managing interest margins has been pivotal in ensuring stable profitability.

Effective Cost Management:

MCB is dedicated to effective cost management strategies, ensuring that operational expenses are controlled while continuing to invest in growth initiatives. This dual focus has enabled the bank to sustain healthy margins despite revenue fluctuations. While the asset size of the bank has grown at a CAGR of 15% from 2017 to 2024, the number of employees has grown at only 4%, underscoring its operational efficiency of the bank.

	2017	2018	2019	2020	2021	2022	2023
No of Employees	2,682	2,696	2,861	2,923	3,000	3,100	3,300
Asset size (Rs in billion)	316.00	352.00	429.00	486.00	626.00	665.00	762.00
CIR in %	37.60%	37.00%	33.70%	32.50%	34.10%	35.20%	32.90%

Moreover, the Cost to Income Ratio (CIR) improved consistently from 37.6% in 2017 to 33.6% in 2024. This consistent reduction shows enhanced operational efficiency and cost management strategies, as the bank continues to invest in technology and streamline its processes. A lower CIR is indicative of MCB's efforts to maximize operational profitability while managing its cost base.

Asset Quality and Risk Management:

Maintaining a healthy balance sheet and improving asset quality has been key to sustaining margins. The bank's Gross Non-Performing Loans (NPL) Ratio has steadily improved, dropping from 5.9% in 2017 to 2.8% in 2024. This reduction is evidence of MCB's prudent lending practices and risk management strategies, which have helped mitigate credit risks and maintain profitability.

	2017	2018	2019	2020	2021	2022	2023	2024
Total Non-Performing Assets in million Rs	9,699	8,508	9,344	9,802	9,871	12,384	11,794	NA
Gross NPL Ratio	5.90%	4.10%	3.80%	3.80%	3.20%	3.40%	3.00%	2.80%
Provision Coverage Ratio	39.80%	49.20%	28.90%	33.10%	40.20%	36.10%	67.80%	74.50%

Cost of Risk (Impairment Charges as a % of Loans)	0.57%	0.59%	0.58%	1.87%	1.43%	0.91%	0.90%	0.80%
Impairment Charges in million Rs	951	1,229	1,456	4,818	4,601	3,392	3,520	3,329

Further, the increase in cost of risk during the pandemic years (2020 and 2021) to 1.87% was due to heightened risk levels across the banking sector, but these have gradually moderated to 0.80% in 2024, reflecting MCB's enhanced credit risk assessment processes.

MCB has managed to keep its margins stable by focusing on key areas like net interest income, cost control, and managing the quality of its assets. While there have been fluctuations in the interest rate environment and economic challenges, the bank has consistently adapted through careful cost management and risk mitigation. The steady rise in Net Interest Revenue, improvements in cost efficiency, and strong provisions for asset quality have helped MCB maintain its financial strength. These efforts portray the bank's resilience to handle future challenges and continue performing steadily.

Bank's Success Relative to Economic Metrics

As the leading financial institution in Mauritius in market share of more than 40%, MCB's performance has long been intertwined with the broader trajectory of the nation's economy. With Mauritius' economic growth heavily reliant on sectors like tourism, financial services, and trade, MCB has consistently positioned itself as a cornerstone for financing and supporting these industries. Analyzing the bank's financial performance in the context of the nation's economic landscape provides insights into its resilience, adaptability, and strategic foresight.

	2017	2018	2019	2020	2021	2022	2023
Mauritius's GDP Growth Rate	3.94%	4.01%	2.89%	(14.59%)	3.39%	8.88%	6.87%
Mauritius's Deposit Growth Rate	7.53%	5.54%	2.30%	20.21%	18.31%	8.41%	7.30%
Mauritius's Loan Growth Rate	1.87%	5.89%	7.64%	6.96%	1.30%	7.85%	6.97%
% of total value added in Mauritius	3.00%	3.00%	4.00%	4.50%	5.00%	4.00%	4.50%

% of total value added by Banking Sector in Mauritius	60%	50%	55%	55%	58%	60%	55%
% of total employment in Mauritian Banking Sector	30%	35%	35%	39%	36%	38%	40%
% of total employment in Mauritian Finance & Insurance	20%	20%	20%	20%	20%	20%	20%
Rank in Africa in terms of assets	40th	38th	31st	31st	27th	31st	32nd
Rank of Strongest Bank in Africa by Balance Sheet	NA	NA	NA	NA	5th	4th	4th
Contribution to Domestic Credit of Mauritius	40%	42%	41%	39%	40%	40%	41%
Contribution to Local Currency Deposits of Mauritius	40%	47%	47%	47%	47%	48%	48%

Mauritius Commercial Bank (MCB) has demonstrated a remarkable growth trajectory over the past several years, outpacing key economic indicators within Mauritius. Between 2017 and 2024, MCB's balance sheet expanded at a compound annual growth rate (CAGR) of 15%, a significant figure reflecting the bank's ability to capture market opportunities and enhance its financial standing. In comparison, the broader economic landscape of Mauritius exhibited more modest growth, particularly in deposits and loans.

Loan Book Growth

MCB's loan portfolio grew at a CAGR of 13.02% during the same period, well above the growth rate of the Mauritian economy's total loans, which increased at a CAGR of only 6.08%. This discrepancy highlights MCB's ability to extend credit more aggressively and efficiently than the overall market, underlining its role as a pivotal financial institution driving economic activity in Mauritius. The bank's loan growth was fueled by its diversified lending strategies, which targeted retail, corporate, and SME clients, while also benefiting from the digital transformation initiatives that streamlined lending processes.

Deposit Growth

Similarly, MCB outpaced the national deposit growth, with its deposits increasing at a CAGR of 12.37% from 2017 to 2023, compared to the 10.15% growth rate for the broader Mauritius economy. This reflects the bank's strong customer confidence, reinforced by its innovative

product offerings such as digital banking solutions, which made banking more accessible and convenient for customers. By capitalizing on the rising demand for digital services, MCB was able to attract and retain a larger share of deposits, bolstering its liquidity position and enhancing its ability to lend.

Contribution to the Mauritius Economy

Through its robust loan and deposit growth, MCB has been a key pillar in supporting vital sectors of the Mauritian economy, including real estate, tourism, and trade. As of 2023, MCB accounted for 55% of the total value added by the banking sector, solidifying its position as a dominant player in the industry. Additionally, the bank employed 40% of the total workforce within the Mauritian banking sector, underscoring its significant role as both a financial and employment leader.

MCB's contribution to the domestic credit landscape was equally impressive, accounting for 41% of the total credit extended in Mauritius, further reinforcing its critical role in fueling economic activities across various sectors. In terms of deposits, the bank held 48% of the country's total, reflecting strong customer confidence and its ability to attract capital, which, in turn, provided liquidity essential for driving business growth and development across the island.

By sustaining this level of impact, MCB not only demonstrated its leadership in the financial sector but also contributed substantially to the economic stability and growth of Mauritius.

Assessing Efficiency and Operational Success

Mauritius Commercial Bank (MCB) has made notable progress in improving its operational efficiency and productivity over the six-year period from 2017 to 2023. These improvements are reflected in several key performance metrics that highlight the bank's ability to extract more value from its workforce while enhancing overall financial performance. Through a combination of technological integration, cost management, and streamlined processes, MCB has strengthened its operational foundation.

	2017	2018	2019	2020	2021	2022	2023
Employees	2,682	2,696	2,861	2,923	3,000	3,100	3,300
Assets per employee (Rs in million)	117.94	130.73	149.77	166.22	208.51	214.36	230.79
Loan Volume per employee (Rs in million)	61.89	71.96	76.9	81.08	90	102.9	104.85
Deposits per employee (Rs in million)	101.42	103.49	107.31	124.53	151.33	155.19	165.94
Profit per employee (Rs in million)	2.33	2.52	3.06	2.53	2.47	2.89	3.93
Net Interest Income per employee (Rs in million)	3.31	3.75	4.28	4.48	4.56	4.49	5.6
Cost to Income Ratio	37.60%	37.00%	33.70%	32.50%	34.10%	35.20%	32.90%

Doubling Assets per Employee: MCB's assets per employee nearly doubled during the review period, reflecting a significant increase in workforce productivity. This sharp rise demonstrates the bank's strategic emphasis on optimizing its resources. By leveraging technology and enhancing internal processes, MCB has been able to grow its asset base substantially without a proportional increase in headcount, thus improving overall efficiency.

Enhanced Lending Productivity: The loan volume per employee also saw a considerable rise, increasing by over 60%. This growth is indicative of MCB's efficient lending processes, enabling employees to manage larger loan portfolios. The adoption of digital lending platforms and automated credit assessments likely played a key role in improving operational throughput in the bank's lending operations.

Growth in Deposits per Employee: Deposits per employee increased by over 60%, highlighting the bank's ability to attract and manage a growing volume of deposits with a stable workforce. This showcases MCB's operational scalability and its success in using digital channels to streamline customer acquisition and deposit management, all while keeping its cost structure intact.

Rising Profit per Employee: The bank's profit per employee grew by nearly 70%, reflecting MCB's ability to translate operational efficiency into higher profitability. This improvement

underscores the success of the bank's cost-management strategies, which have allowed it to maintain a lean cost base while enhancing revenue-generating activities.

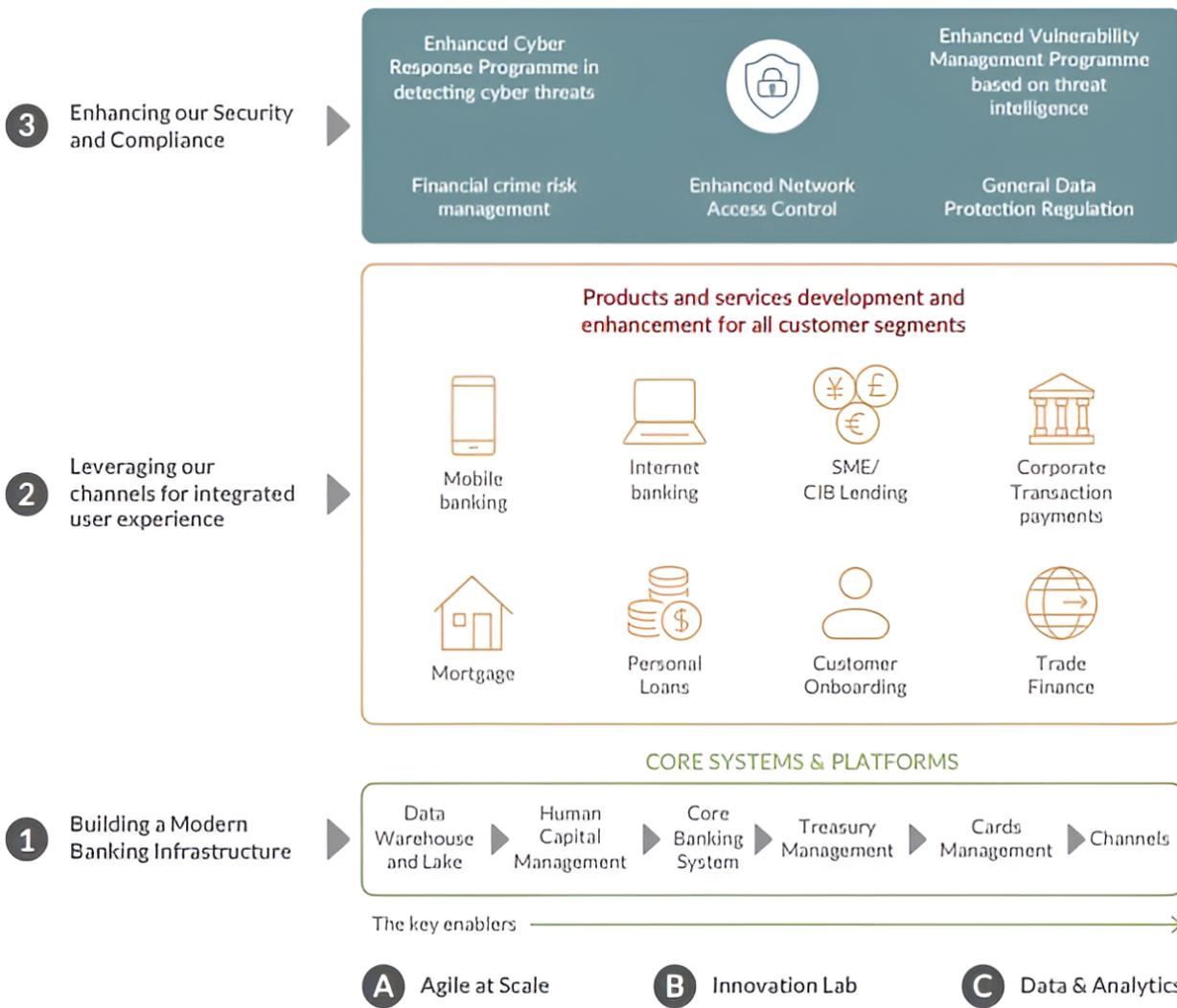
Growth in Net Interest Income per Employee: Net interest income per employee increased by nearly 70%, further showcasing MCB's success in optimizing its revenue streams. The bank's focus on interest margin management and prudent risk-based pricing has allowed it to maximize returns from its interest-bearing assets, contributing to improved financial outcomes per employee.

Reduction in Cost to Income Ratio (CIR): A key marker of MCB's operational success is the reduction in its cost to income ratio, which reduced from 37.60% to 32.90% during the period. This improvement indicates that the bank has been able to generate more income while keeping its cost base well-controlled. Investments in technology, such as process automation and digital banking solutions, have likely driven this reduction, allowing MCB to enhance efficiency without sacrificing service quality.

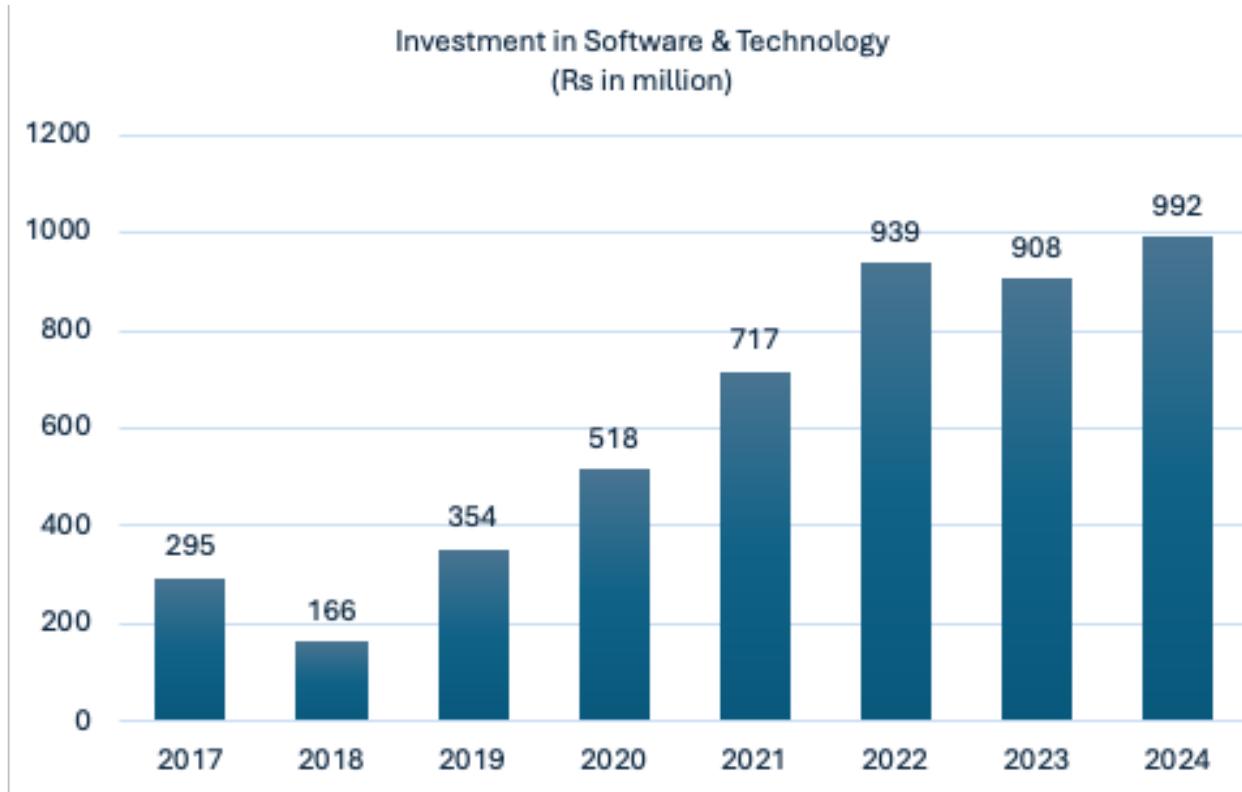
Investing in Digital: A Strategic Transformation Approach

Despite its rich history, MCB has consistently maintained a forward-looking approach. The bank has established itself as a leader in innovation, notably being the first financial institution to introduce ATMs in Mauritius during the 1980s. The Bank even got "Best Innovation in Retail Banking Mauritius 2024" award from International Bank Magazine as an exemplification of its focus on innovation. In one of the interviews, Reza Chady, Lead Enterprise Architect at MCB, confirms: "Innovation plays a very important role in our culture, and we pride ourselves on being able to adapt to a demanding operating environment. Today, customer preferences and regulatory requirements are evolving rapidly. To stay ahead of the change, we need banking systems that are flexible and adaptable, while also providing a secure environment for delivering our services."

The bank has been following a three-fold approach to as part of its digital transformation journey - 1) Building a modern banking infrastructure, 2) Leveraging channels for integrated user experience, 3) Enhancing Security and Compliance. To support its strategic endeavors, the Bank is capitalizing on (i) new ways of working by leveraging its Digital Factory experience; (ii) its Innovation Lab to evaluate opportunities and risks in the technology and digitalization sphere; and (iii) data and analytics to uncover meaningful and actionable insights to improve efficiency and decision-making, manage risks and drive sales and cross-selling.



MCB initiated its digital transformation journey in 2018 to revolutionize product delivery and enhance customer engagement. This shift not only involved adopting digital solutions but also redefined the roles of technical staff through upskilling and restructuring team dynamics, resulting in significant productivity gains. As part of its digital strategy, MCB has invested over MUR 1 billion (approximately USD 22 million) in technology upgrades and digital initiatives in recent years, annually. A cornerstone of this strategy is the JuiceByMCB mobile banking app, which has garnered over 500,000 downloads and facilitates around 85% of retail transactions through digital channels.



Implementation of Exadata

MCB faced considerable challenges managing its 40TB Oracle Database for core banking on two IBM Power Systems, with long close-of-business processing times and escalating Oracle licensing costs. After learning about Oracle Exadata, MCB became the first bank in Mauritius to adopt the platform. The migration delivered immediate results, reducing core banking daily batch times from 7 hours to 2.5 hours and improving performance for critical applications like the **Regulatory Reporting Application (Fintellix)** by 70%.

Exadata also streamlined disaster recovery operations. Previously, multiple teams were required for database recovery, but with Oracle Data Guard, the DBAs could manage the entire process independently, significantly improving recovery efficiency. Moreover, migration led to significant cost savings, as Exadata's design eliminated the need for storage licenses and reduced the number of CPUs required for Oracle Database licensing.

Another major improvement was in patching. Before Exadata, patching MCB's eighteen Oracle databases

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EXADATA

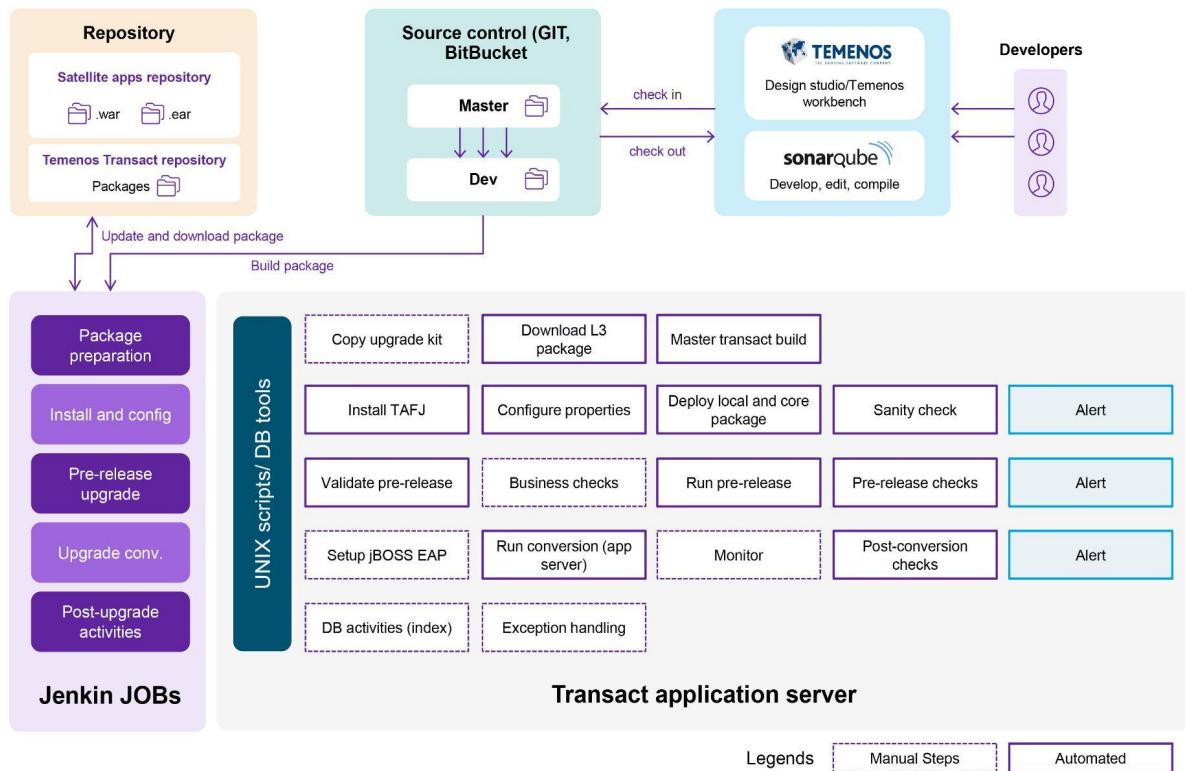


took 3-4 months, but with the new system, this process now takes just 6-7 hours—a 99% reduction.

The enhanced performance extended beyond core banking, benefiting other applications like the **Risk and Profitability System**, where processing times dropped from 5 hours to near real-time. This transformation allowed MCB's financial reporting team to access dashboards and reports early each morning, vastly improving decision-making. According to MCB's CFO, Bhavish Naeck, the faster report delivery has been a "game changer" increasing operational efficiency and customer satisfaction through quicker service and improved responsiveness.

Upgradation of Core Banking Solution

MCB embarked on a comprehensive journey to modernize and transform its core banking infrastructure. Having used the Temenos core banking system since 2007, the bank recognized the need for an upgrade after years of expansion, aiming to simplify a now complex system landscape and achieve economies of scale across its subsidiaries.



Reza Chady, a key figure at MCB, explained that the bank had been maintaining four separate versions of Temenos core banking for different entities, creating operational inefficiencies, increased costs, and difficulty in scaling the business. To address these challenges, MCB decided to consolidate all its entities into a single, centralized Temenos core banking

instance, hosted in a private cloud environment. This new cloud-based infrastructure forms the foundation of MCB's digital backbone, designed to enhance operational efficiency, agility, and innovation.

For the private cloud migration, MCB adopted container-based architecture, leveraging its experience with Red Hat OpenShift, which had already proven successful for the bank's digital channels. The upgrade, one of the bank's most ambitious projects, was guided by Temenos Expert Services and MCB Consulting, the bank's consulting arm, with expertise in working with banks across Africa. Together, they implemented a phased approach to mitigate risks, starting with the migration of one of MCB's entities in the Maldives to the latest version of Temenos core banking.

The initial migration took six months and delivered impressive results, with the upgraded Temenos core banking system and Red Hat OpenShift environment offering enhanced stability and performance. The new core banking platform has enabled MCB to accelerate its time-to-market for new client services by streamlining development and scaling with greater agility. The bank can now schedule annual upgrades, cutting execution time by 50%.

Additionally, the consolidation of core banking systems has unlocked significant cost savings for MCB. By migrating to a private cloud and reducing its hardware estate by 70%, the bank expects to see substantial reductions in licensing, administrative, and maintenance costs, further enhancing overall efficiency and laying the groundwork for continued digital innovation.

Partnership with MobiQuity

Mauritius Commercial Bank (MCB) has partnered with MobiQuity, a leading digital transformation specialist, to enhance its digital banking services for its one million customers. Through this collaboration, MCB launched **Juice 4.0**, a revamped mobile banking application featuring over 30 innovative functionalities, including cardless withdrawals, scan-to-pay, and PayPal integration, aimed at simplifying and improving customer banking experience. In addition to the retail banking enhancements, MobiQuity and MCB also developed a Corporate Banking solution designed to deliver improved user experience for both new and existing corporate clients.



Implementation of SmartApprove

Mauritius Commercial Bank (MCB) introduced **SmartApprove**, a web-responsive application designed to enhance its Corporate and Institutional Banking unit as part of the bank's broader digital transformation strategy. Launched in February 2020 after a successful pilot phase, SmartApprove enables authorized signatories to approve transactions securely and conveniently across mobile, tablet, and PC screens. The project, initiated in late 2018, followed an agile development approach, with the Minimum Viable Product (MVP) being deployed in late 2019, marking a significant milestone in MCB's journey toward operational efficiency.



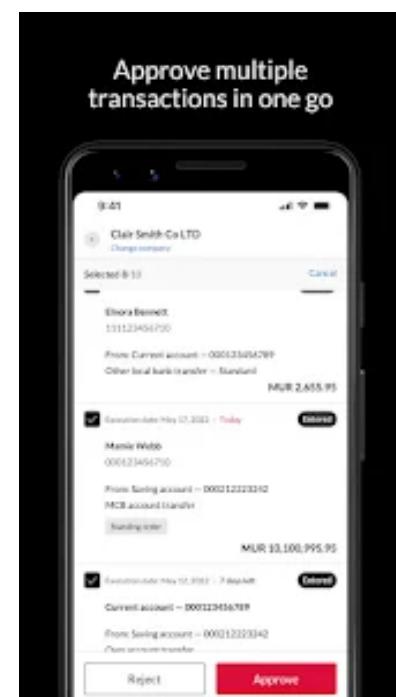
Developed within MCB's Digital Factory, which comprises cross-functional teams working in agile squads, SmartApprove is a key initiative under the bank's Digital Transformation Program (DTP). The Digital Factory, with 130 specialists from various domains such as IT, design, and data, serves as an incubator for customer-centric solutions, redefining end-to-end customer journeys. The implementation of SmartApprove aligns with MCB's strategic vision of becoming an agile organization and streamlining business operations for greater productivity.

Throughout the project, MCB overcame several challenges, including system integration, performance optimization, removal of manual processes, and testing automation. One major hurdle was integrating SmartApprove with the bank's core banking and internet banking systems, which required new web services. The team also optimized mobile access, ensuring fast transaction processing and a seamless user experience.

Additionally, manual processes for international funds transfers were automated, boosting straight-through processing (STP) rates to around 90%.

SmartApprove has brought tangible benefits to both corporate clients and the bank. Corporate users can now approve transactions swiftly and securely, with over **600 registered users** completing more than **16,400 transactions** since launch. The streamlined process for foreign currency transfers means that nearly all payments are processed in real-time without manual intervention. Moreover, MCB's internal teams have seen efficiency gains, particularly during the COVID-19 lockdown, as the platform facilitated over **18,900 transactions** without manual processing.

Security remains a top priority for SmartApprove, which employs SSL encryption and two-factor authentication for



transaction approvals. Notifications via SMS alert users of pending transactions, and additional safeguards, such as alerts for new beneficiaries, further enhance security. The introduction of this platform has not only improved transaction speed and accuracy but also strengthened the overall security framework, positioning MCB at the forefront of digital banking innovation.

Overall, the success of SmartApprove has revolutionized transaction processing within MCB, allowing for real-time, automated operations that benefit both the bank and its corporate clients. The bank's investment in digital solutions like SmartApprove has significantly reduced costs, enhanced customer satisfaction, and positioned MCB as a leader in digital transformation within the banking sector.

Modernization of Customer Journeys

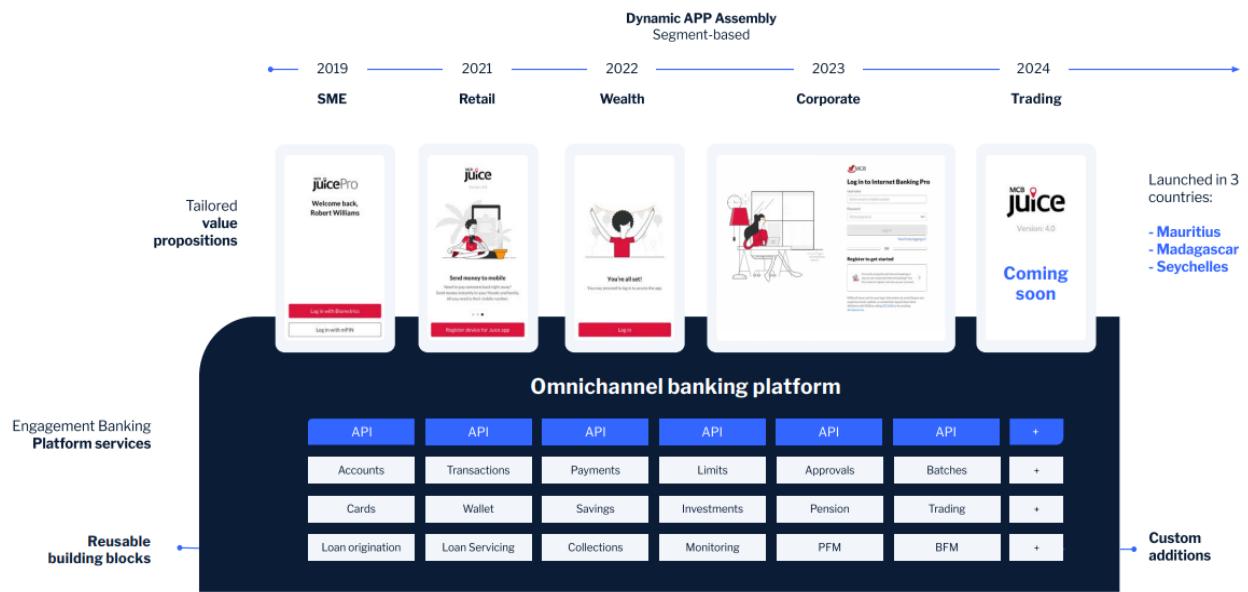
In 2018, Mauritius Commercial Bank (MCB) embarked on a bold digital transformation journey aimed at reinforcing its market leadership by enhancing customer centricity, scalability, and agility. Recognizing that its legacy systems, while reliable, could no longer meet the demands of its growth ambitions, MCB partnered with Backbase to modernize its banking infrastructure.

MCB's transformation focused on several key objectives:

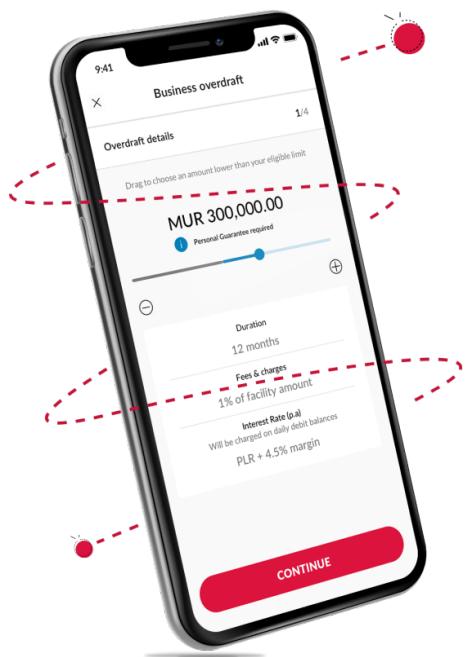
1. **Building a Modern Banking Architecture:** MCB aimed to unify client interactions across all channels, ensuring a seamless and consistent customer experience regardless of the touchpoint. This involved upgrading to a scalable, industrialized platform capable of supporting future growth and innovation.
2. **Enhancing Customer Experience:** The bank prioritized digitizing end-to-end user journeys, creating an omnichannel experience that would elevate customer satisfaction while unlocking new growth opportunities. By simplifying processes and improving the user interface, MCB sought to deliver a more intuitive banking experience.
3. **Fast and Convenient Transactions:** MCB streamlined its operations to minimize manual interventions, enabling faster transaction processing and enhancing operational efficiency, ultimately making banking more convenient for customers.
4. **Self-Service Empowerment:** Empowering customers to manage routine banking tasks independently was central to MCB's strategy. This self-service model not only improved customer satisfaction but also allowed the bank to focus resources on more complex services.
5. **Safety and Confidence:** As mobile banking grew in popularity, MCB focused on delivering secure, reliable experiences to retain existing clients and attract new ones.

The bank implemented robust security measures to ensure customer confidence in its digital offerings.

To accomplish the above objectives, the bank modernized its customer journeys for different segments in partnership with Backbase -



SME Banking JuicePro



MCB's commitment to serving the evolving needs of small and medium-sized enterprises (SMEs) led to the development of **JuicePro** in 2019, a mobile-first solution tailored for businesses on the go. Initially focused on retail and corporate clients, MCB quickly recognized the untapped potential within the SME segment, prompting a strategic shift in its digital transformation efforts. Despite already serving nearly half of the SME market in Mauritius, the bank sought to deliver more convenient, secure, and seamless banking experiences for this growing sector. JuicePro was born out of this initiative, offering a comprehensive mobile-first platform designed to address the unique needs of small businesses. Approximately 80% of the app's features were available out-of-the-box, leveraging Backbase's turnkey capabilities to enable rapid deployment across mobile, internet, branches, and

kiosks. This agility allowed MCB to roll out new features within just 2 to 3 months, enhancing the user experience at an accelerated pace.

The app now offers a suite of powerful functionalities, including enhanced payment options, card management, robust security features, and an instant credit scoring engine that facilitates quick access to short-term loans. These innovations have positioned JuicePro as a vital tool for SMEs, empowering them with efficient financial management.

Since its launch, JuicePro has delivered impressive results with **28 feature releases**, over **24,000 app subscribers**, and a **78% customer satisfaction rate**. The platform's success underscores MCB's dedication to supporting SMEs and driving their digital evolution through cutting-edge solutions.

Worth highlighting also, through the Express Overdraft feature on the application, more than 300 overdrafts were disbursed for a total value of over Rs 140 million during 2023.

Retail Banking Juice 4.0

Building on the success of **JuicePro**, MCB scaled its innovation to individual consumers with the launch of **Juice 4.0** in 2021, an upgraded retail banking app. This transformation involved transitioning the app to the **Backbase** platform, enabling over **30 new features**, including cardless transactions, mobile top-ups, and PayPal integration, all tailored to meet the needs of nearly half a million users in Mauritius. Given the app's vast user base, this migration was critical—not just for MCB but for the entire nation, as any disruption would have widespread impact.

Drawing on lessons from JuicePro, MCB prioritized speed, reliability, and seamless user experience in Juice 4.0, ensuring uninterrupted banking for its customers. The app has since expanded to MCB affiliates across the **Indian Ocean islands**, further increasing its subscriber base and solidifying MCB's commitment to delivering **customer-first** banking solutions.

The app's advanced features, such as **cardless withdrawals**, **scan-to-pay**, and **PayPal integration**, have contributed to its growing popularity. With over **500,000 users**, Juice 4.0 continues to drive engagement across the region.

In **2022**, MCB saw a **51% year-on-year increase** in transactions through Juice 4.0, with an impressive **82% customer satisfaction rate**, reflecting the app's success in enhancing convenience and security for retail customers. Juice 4.0 has become a cornerstone of MCB's retail banking strategy, empowering individuals with a comprehensive, user-friendly digital banking experience.

Wealth Management Juice Invest

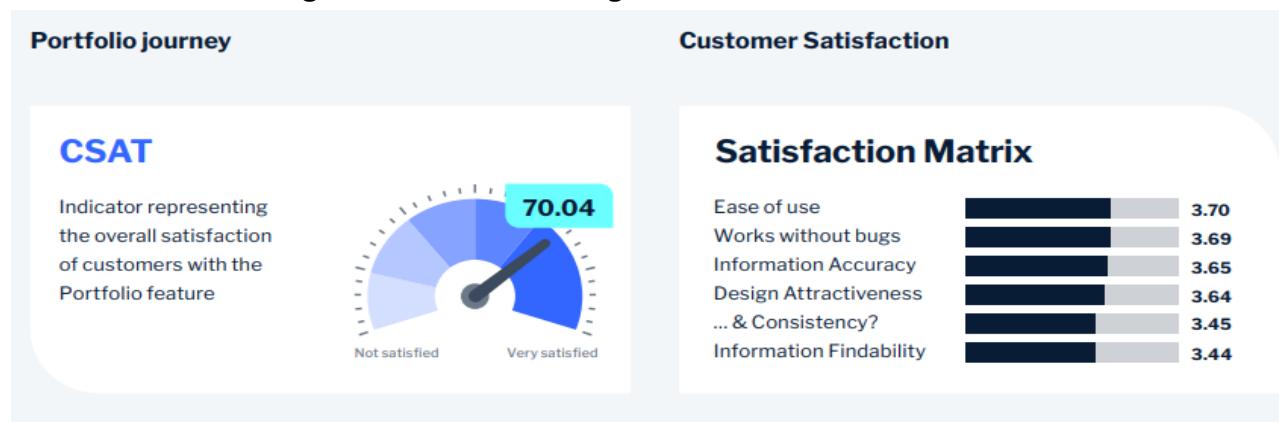
Building on the success of MCB's lifestyle banking app, **Juice Invest** was launched by the bank in 2022 for **Wealth Management** services. Tailored for a diverse clientele, ranging from

affluent, tech-savvy millennials to seasoned investors, Juice Invest offers clients the convenience of **on-the-go trading** and portfolio management.

Powered by **Backbase's robust platform**, Juice Invest brings together a suite of features designed to enhance the user experience. Clients can view their **investment portfolios**, track recent transactions, and access other critical investment tools—all within a single, intuitive app. Launched as a **Minimum Viable Product (MVP)** in late 2022, Juice Invest has already garnered over **22,000 users**, including private banking and retail customers, all benefiting from the app's **Portfolio feature** for a seamless and unified investment experience.

With **over 29,000 portfolios live**, Juice Invest is gaining momentum as a preferred digital wealth management tool. The app's popularity is further reflected in the **50+ daily clicks** on the "How do I start growing my wealth?" feature, indicating a strong engagement among users looking to enhance their financial strategies.

Juice Invest is not just an extension of MCB's digital banking suite; it's a crucial part of the bank's vision to provide **next-generation wealth management**, empowering clients with both convenience and insight into their financial growth.



Corporate Banking: IB Pro and SmartApprove

MCB is enhancing its digital transformation journey for Corporates with the launch of Internet Banking Pro (IB Pro) and SmartApprove. These innovative solutions are tailored to strengthen MCB's transactional banking capabilities and corporate functionalities, offering non-individual customers a modern and efficient banking experience.

IB Pro and SmartApprove feature a fresh interface and intuitive navigation, making it easier for corporate clients to manage their accounts. Key enhancements include seamless registration, visually engaging account balance graphics, and simplified management of non-individual accounts. This user-friendly design ensures that clients can navigate their financial activities with ease and confidence. Besides, the updated SmartApprove mobile application, directly linked to omnichannel platform, enables approval for transactions processed on IB

Pro. SmartApprove has become the only ‘two-factor’ authentication tool for IB Pro transactions, making the approval experience of signatory users seamless and more efficient.

Highlighting the success of this new offering, almost 50% of CIB customers have been onboarded on IB Pro with more than 90% penetration rate for Mauritian and Regional Corporates, and Global and International Corporates customers

Partnership with Windward

In 2021, MCB partnered with Windward, a predictive intelligence company, to leverage AI to transform its trade finance business. This long-term, multi-year collaboration aimed to enhance MCB's due diligence and monitoring processes related to its commodity trade finance business.

Windward's AI-powered solution significantly increased efficiency in MCB's maritime trade finance practices, while also strengthening compliance measures and trade-based money laundering screening processes.

During this period, financial institutions in Mauritius and worldwide faced heightened scrutiny from national and international compliance regulators to implement robust due diligence procedures. This demand was further amplified by new sanctions advisories issued by the Office of Foreign Assets Control (OFAC) in the US and the Office of Financial Sanctions Implementation (OFSI) in the UK. In response, forward-thinking financial institutions like MCB sought to adopt AI systems to enhance their effectiveness, streamline cumbersome processes, and gain insights into deceptive practices associated with financial crimes.

Some other Initiatives

Launch of Pay+: Pay+ is a small payment acceptance device, designed primarily for merchants, which is wireless and easy to carry. Merchants can thereby accept payments through debit or credit cards with contactless option or a dynamic QR code. It is a more convenient alternative to traditional point of sale terminals used in various businesses such as stores and supermarkets.

Deployment of payments solutions towards a safer and cash-lite economy

~ 19 million
Contactless transactions
+51% y.o.y. growth

11,905
Contactless enabled POS
(representing 92% of total POS terminals)

+30%
y.o.y. growth
Merchants offering digital payments

+27%
y.o.y. growth
Debit cardholders transacting online

Note: Figures relate to FY 2022/23

Card Management System Migration: Existing card database of the bank - PowerCARD technology provided by ICPS was migrated to the most recent version of card management system.

Credit Scoring: Implemented behavioral analytics and Artificial Intelligence in credit scoring to improve loan performance.

Next Best Offer analytics tool: In order to boost sales effectiveness, the bank launched and widely used the Next Best Offer analytics tool, which allowed for successful cross-selling opportunities based on customer profiles.

Implementation of Moneyware: The bank implemented Moneyware in 2022, a full-fledged Order Management System, which generates added efficiency gains and enhances customer experience by allowing (i) 24-hour access to self-service platforms; (ii) near real-time transmission of orders with brokers over Financial Exchange Protocol; and (iii) automatic settlement with its custodian.

Launch of Punch: In 2021, MCB launched Punch, a B2B Marketplace developed in collaboration with local SMEs. It is rapidly becoming the strategic gateway for SMEs to gain access to a pool of industry experts, accountants, consultants, export markets, clients and equity partners. It has more than 3,000 entrepreneurs and 150 growth partners registered on it.

Key Competencies and Growth Accelerators

Mauritius Commercial Bank's digital transformation journey is fueled by a combination of its inherent strengths and forward-looking strategies. These factors, coupled with its market leadership and innovative approach, are propelling the bank to achieve sustained growth. By leveraging digital technology, regional expansion, and sustainability, MCB is positioning itself

as a leader in the evolving financial landscape of Mauritius and beyond which is evident from the fact that the bank won “Best Private Bank of the Year 2024 in Mauritius” award presented by the International Banker Magazine.

Market Leadership and Digital Innovation

MCB has long established itself as the leading financial institution in Mauritius, commanding over 40% of the market in domestic banking assets, deposits, and loans. Its vast customer base of over 1 million in 2023 allows it to drive technological adoption effectively. The bank's digital transformation initiatives, which now handle over 80% of transactions digitally, showcase its leadership in innovation. Products such as the MCB mobile banking app, digital wallet, and contactless payments are key offerings that enhance customer experience and streamline banking processes. By integrating AI and machine learning into its services, MCB provides hyper-personalized interactions, thereby strengthening its competitive edge in the digital era.

(as on 30th June 2023)

Lending Product	Average TAT	Digital Requests
Mortgage	26 Days	87%
Unsecured Personal Loan	4 Days	95%
SME Lending	8 Days	91%
CIB Lending	20 Days	92%

Diverse Product Portfolio Supporting Digital Growth

MCB's comprehensive range of banking products and services—across retail, corporate, and institutional segments—positions it to serve a wide variety of customers, from individuals to large enterprises. The diversification of its offerings extends into digital products as well, with new fintech-enabled solutions that cater to SMEs, retail customers, and corporate clients. In 2023, the corporate banking segment saw a 7.8% increase in income, driven by digital enhancements in trade finance and cash management services. These digitally transformed offerings are critical growth accelerators, helping the bank expand into new areas while increasing customer loyalty and engagement.

Regional Expansion Fueled by Digital Strategy

MCB's regional expansion, particularly into the African market, represents a significant growth driver. The bank's subsidiaries in Mozambique, Kenya, and Madagascar contribute nearly 30% to its overall income, a figure that continues to rise as Africa's economies grow. MCB's digital-first approach enables it to scale efficiently in these markets by offering innovative, tech-driven banking solutions. The bank's trade finance, cross-border payment services, and digital lending platforms have been instrumental in capturing market share across the African continent, where demand for modern financial solutions is rapidly increasing.



32nd
in Africa in terms of assets

Jeune Afrique, Top 200 Banks, The Africa Report, September 2022

Leading Regional Bank
in terms of operating income and profitability

L'Eco Austral, Top 500 Regional Edition 2022

Financial Strength and Prudent Risk Management

MCB's financial health is solidified by its strong capital adequacy ratio, which stood at 18.7% in 2023, well above regulatory requirements. The bank also maintains a conservative approach to risk management, reflected in its low non-performing loan (NPL) ratio of 2.9%. This prudent risk management strategy has allowed MCB to maintain resilience even during challenging economic periods, such as the COVID-19 pandemic, while still pushing forward with its digital transformation initiatives without compromising financial stability.

Commitment to Sustainability and Green Financing

Sustainability is a core component of MCB's strategy. The bank has allocated over \$100 million towards green and sustainable projects, with a significant portion of its lending portfolio dedicated to renewable energy and eco-friendly infrastructure. This commitment to environmental, social, and governance (ESG) goals not only strengthens its brand as a responsible financial institution but also opens up new revenue streams in the rapidly growing green finance sector. By integrating digital tools into these initiatives, such as digital monitoring of financed projects, MCB ensures greater transparency and efficiency in its sustainability efforts.

Strategic Partnerships and Ecosystem Development

MCB's ability to form strategic partnerships, whether with fintechs, global financial institutions, or payment platforms—accelerates its growth. Collaborations with fintech startups have enabled the bank to offer innovative solutions, such as QR code payments and blockchain-based trade finance platforms. These partnerships allow MCB to integrate its digital capabilities with cutting-edge technologies, enhancing its service offerings and expanding its reach into new markets. In 2023, the digital wallet launched in collaboration with fintech firms saw a 25% increase in users, showcasing the bank's success in tapping into emerging digital ecosystems.

Customer-Centric Approach Driving Digital Adoption

MCB's focus on customer-centricity is central to its digital strategy. By leveraging big data and AI, the bank offers personalized financial products, such as investment solutions, SME loans, and curated banking experiences through its mobile app. This approach has been instrumental in driving digital adoption, with 90% of retail customer interactions occurring through digital channels by 2023. Tailoring services to individual customer needs not only enhances engagement but also opens up cross-sell and upsell opportunities, thereby boosting revenue growth.



Overall, MCB's digital transformation journey is intertwined with its core strengths, including market leadership, financial stability, and a diverse product offering. By focusing on digital innovation, regional expansion, and sustainable financing, the bank is well-positioned to capitalize on emerging opportunities in the financial sector. MCB's ability to combine these strengths with forward-looking growth accelerators ensures its continued success as a leading player in both the Mauritian and regional markets.

Summary & Learnings

Mauritius Commercial Bank's digital transformation journey over the past several years has set a clear benchmark for operational efficiency, customer-centric innovation, and sustainable growth in the banking sector. By systematically investing in technology and streamlining processes, MCB has effectively demonstrated how a traditional financial institution can evolve to meet modern demands.

Key Takeaways

- Strategic Focus on Operational Efficiency:** One of the standout achievements of MCB's transformation is the notable improvement in its operational efficiency, evidenced by the bank's assets, loans, and deposits per employee, all of which increased significantly. Doubling assets per employee and seeing a rise of over 60% in loan and deposit volumes per employee indicate that MCB has effectively optimized its workforce. The reduction in the Cost to Income Ratio (CIR) from 37.6% to 32.9% further underscores the bank's ability to control costs while growing revenue. For the banking industry, this serves as a lesson in the importance of using technology and automation to improve workforce productivity and streamline processes.
- Customer-Centric Innovation:** MCB's comprehensive product suite, spanning retail banking, cards, investments, private wealth management, SME and corporate banking, and institutional banking, highlights the bank's deep understanding of diverse customer needs. The bank's focus on digital channels and innovative solutions, particularly in areas like payment and cash management for SMEs and corporate clients, reflects a shift towards convenience, personalization, and enhanced customer experience. For banks aiming to stay competitive, prioritizing customer-centric innovations is critical for maintaining relevance in a rapidly changing financial landscape.
- Tech-Driven Profitability:** MCB's profitability gains, seen through a nearly 70% increase in profit per employee and a similar rise in net interest income per employee, are a direct outcome of the bank's effective digital investments. By leveraging technology to optimize interest-bearing assets and enhance lending efficiency, MCB has created more value from its core banking operations. This is a key takeaway for banks looking to boost profitability—strategic tech adoption can unlock new revenue streams and drive significant returns on investment.
- Sustained Growth in a Competitive Market:** MCB's balance sheet grew at an impressive CAGR of 15.77% between 2017 and 2023, with the loan book and deposits following closely behind at 13.02% and 12.37%, respectively. Notably, MCB's performance outpaced the broader Mauritius economy, where deposits and loans

grew at comparatively lower rates. This underlines the effectiveness of MCB's growth strategy, which combines scale with agility, enabling the bank to outperform the industry. For banks navigating competitive markets, this highlights the importance of balancing growth ambitions with adaptable, tech-enabled strategies.

Broader Lessons for the Industry

1. **Technology as a Growth Accelerator:** MCB's journey demonstrates that sustained investments in technology, such as automation, process optimization, and digital product offerings, can significantly enhance operational efficiency and profitability. The banking industry, facing increasing pressure from fintechs and customer expectations, must prioritize digital transformation not just as a value-add but as a core strategic focus for sustainable growth.
2. **Leveraging Data to Drive Efficiency:** MCB's ability to reduce its CIR while growing its balance sheet suggests that banks can drive operational excellence by harnessing data-driven insights. From workforce optimization to product innovation, the use of data analytics can enable better decision-making, resource allocation, and personalized customer interactions.
3. **Customer-Centric Growth:** The rise in MCB's deposits per employee reflects the bank's ability to attract customers through innovative, customer-focused products and services. For banks, especially those with legacy systems, this underscores the importance of transforming customer journeys to provide seamless digital experiences across retail, SME, and corporate segments.
4. **Balance Between Cost Control and Revenue Growth:** MCB's experience shows that banks can achieve cost control without stifling growth. By strategically managing expenses and investing in scalable, tech-driven solutions, banks can lower their cost base while expanding their reach and product offerings. This balanced approach is crucial for ensuring long-term profitability and competitiveness in the banking sector.

Conclusion

MCB's digital transformation is a compelling case of how a traditional bank can pivot to meet the challenges of the modern financial landscape. Through its focus on operational efficiency, customer-centric innovation, and strategic technology adoption, MCB has not only enhanced its profitability but also set a roadmap for other financial institutions to follow. As the industry continues to evolve, these learnings provide valuable insights for banks aiming to remain agile, efficient, and customer-focused in the digital age.

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