

## 1. Financial Services Authority (FSA)

### 1.1. Strategic Overview

#### 1.1.1. Mandate

The Seychelles Financial Services Authority (FSA) is mandated under the Financial Services Act, 2013, to inter alia:

- Supervise, monitor and regulate licensees in accordance with this Act and the financial services legislation; and other financial services business carried on in or from within Seychelles;
- Administer the registry legislation;
- Develop appropriate legal, regulatory and supervisory mechanisms for the efficient and effective administration of the Authority and the financial services legislation;
- Adopt such measures as may be necessary to appropriately inform and educate the general public on its functions and on matters relating to or affecting any financial services business;
- Take action against persons carrying on unauthorized financial services business in Seychelles.

#### 1.1.2. Vision

An effective regulator focused on safeguarding a credible and innovative non-bank financial services jurisdiction.

#### 1.1.3. Mission

Transform and grow the Seychelles' non-bank financial services industry, through the application of a sound regulatory and supervisory framework that protects the jurisdiction's reputation and the consumers and stakeholders' investments.

#### 1.1.4. Strategic Priorities for 2024-2026

Revise and modernize our laws, regulations, policies and operating standards to international norms and best practices.

- 1) Effective implementation of our sectoral responsibility for AML/CFT supervision, monitoring and enforcement for all reporting entities under our regulatory purview.
- 2) Research into and introduce new products to diversify our products portfolio.
- 3) Investment in new user friendly and secure technologies and other infrastructure.
- 4) Ensure our staff have the skills and expertise to efficiently and effectively, execute and deliver their responsibilities.
- 5) Promote the development of the non-bank financial sector through training programme placements and support incentives to industry practitioners and graduates to specialise in this sector.
- 6) Efficiently monitor the activities of the industry and constantly educate our customers and consumers on new products, legislations and of their roles and responsibilities.
- 7) Ensure that our jurisdiction, services and products on offer are adequately visible.

#### 1.1.4.1. Key Challenges

- Seychelles was blacklisted in October 2020 by influential countries and international bodies for being uncooperative on some issues of fiscal transparency and for registering companies on US sanction list.
- Ever-changing international regulations or requirements by international regulatory bodies, which lead to tight implementation deadlines and create pressure due to resource constraints.
- Delays in amendment and enactment of laws relating to the FSA's operations and industry pressure towards policy decisions that aim to increase compliance.
- Shortage of specialists' skills/ experience and inappropriate infrastructure of the non-bank financial sector to efficiently provide the desired services.
- Limited growth in the industry due to low level of public/stakeholders' education on the non-bank financial sector operations, products and services, resulting in low uptake of the financial products.

#### 1.1.5. Outlook of Financial Strategy

##### 1.1.5.1. Projected Financial Position of FSA

Description	SCR ('000)						
	2020	2021	2022	2023	2024	2025	2026
Non Current Assets	305,427	303,905	310,376	313,264	329,661	352,392	355,714
Property, plant and equipment	54,871	55,576	59,546	61,570	75,999	98,729	100,098
Investment property	240,314	240,314	242,266	242,266	244,234	244,234	246,188
Intangible asset	-	-	-	-	-	-	-
Long term receivables	10,241	8,015	8,563	9,428	9,428	9,428	9,428
Current Assets	142,456	131,109	165,718	177,984	191,817	201,864	209,361
Trade and other receivables	16,284	11,338	12,478	13,186	13,206	13,371	13,540
Cash and cash equivalents	126,172	114,567	153,240	164,798	178,611	188,493	195,821
Investment in Treasury Bills	-	5,203	-	-	-	-	-
<b>Total Assets</b>	<b>447,883</b>	<b>435,014</b>	<b>476,093</b>	<b>491,248</b>	<b>521,478</b>	<b>554,256</b>	<b>565,075</b>
<b>EQUITY and LIABILITIES</b>							
<b>Equity</b>							
Stated capital	8,716	8,716	8,716	8,716	8,716	8,716	8,716
Capital grant	2,562	1,708	854	-	-	-	-
Retained earnings	332,497	350,365	368,734	400,834	420,030	446,752	454,297
Revaluation reserve	21,691	21,691	26,674	26,674	28,642	28,642	30,596
Total Equity	365,465	382,480	404,978	436,224	457,388	484,110	493,608
<b>Liabilities</b>							
Non Current liabilities	11,910	13,267	16,846	22,688	27,369	35,800	38,882
Retirement benefit obligations	11,910	13,267	16,846	22,688	27,369	35,800	38,882
Accrued interest on Borrowings							
Current liabilities	70,508	39,267	54,269	32,336	36,722	34,346	32,584
Borrowings	10,612	-	-	-	-	-	-
Other payables	59,896	39,267	54,269	32,336	36,722	34,346	32,584
<b>Total Liabilities</b>	<b>82,417</b>	<b>52,534</b>	<b>71,115</b>	<b>55,024</b>	<b>64,091</b>	<b>70,145</b>	<b>71,467</b>
<b>Total Equity and liabilities</b>	<b>447,883</b>	<b>435,014</b>	<b>476,093</b>	<b>491,248</b>	<b>521,478</b>	<b>554,256</b>	<b>565,075</b>

**1.1.5.2. Projected Statement of Comprehensive Income of FSA**

**SCR ('000)**

<b>Description</b>	<b>Actual Figures</b>			<b>Provisional</b>	<b>Forecast</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Revenue	199,382	223,646	197,494	185,596	180,246	180,311	180,706
Staff costs	(50,523)	(45,100)	(60,024)	(69,279)	(81,573)	(84,361)	(84,361)
Administrative expenses	(27,310)	(31,580)	(31,510)	(53,134)	(47,895)	(40,660)	(39,117)
Educational dissemination	(3,320)	(713)	(232)	(705)	(759)	(629)	(629)
Other operating costs	(1,239)	(1,619)	(1,757)	(1,856)	(2,476)	(1,888)	(1,850)
Finance income - interest on staff loans	795	663	1,037	650	700	750	750
Finance cost - borrowing costs	(57)	-	-	(1,000)	63	(1,488)	(1,488)
Marketing Grant to SIB	(198)	(546)	(545)	(5,000)	(5,000)	(5,000)	(5,000)
CISNA Seminar	-	-	-	-	-	-	-
Other income	6	4	131	150	3,500	2,108	2,147
Foreign exchange - (losses)/gains	24,950	(34,323)	(1,163)	8,631	4,766	3,996	4,063
<b>Profit for the year</b>	<b>142,486</b>	<b>110,434</b>	<b>103,429</b>	<b>64,054</b>	<b>51,573</b>	<b>53,139</b>	<b>55,222</b>
Surplus on revaluation of investment property	96,815	-	1,952	-	1,968	-	1,954
<b>Profit of the Year and Total Comprehensive Income for the Year</b>	<b>239,302</b>	<b>110,434</b>	<b>105,381</b>	<b>64,054</b>	<b>53,541</b>	<b>53,139</b>	<b>57,175</b>

### 1.1.5.3. Projected Cash Flow Statement of FSA

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Operating Activities</b>							
Profit for the year	239,302	110,434	105,381	64,054	53,541	53,139	55,175
Adjustment for:							
Depreciation on property, plant and equipment	2,089	2,473	2,596	2,710	2,476	1,888	1,850
Transfers/Adjustments from WIP	-	-	84	-	-	-	-
Adjustment for Fixed asset Accrued			2				
Amortization of intangible asset	3	-	-	-	-	-	-
Asset written off	689	-	-	-	-	-	-
(Profit)/Loss on disposal of asset	-	-	6	-	-	-	-
Amortization of capital grant	(854)	(854)	(854)	(854)			
Impairment of trade receivables	-	-	(96)	-	-	-	-
Retirement benefit obligation charge	5,125	4,993	5,895	7,469	7,472	7,501	7,501
Interest payable	57	-	-	-	-	-	-
Interest receivable	(795)	(663)	(1,037)	(650)	(4,200)	(2,858)	(2,897)
Gain on revaluation of investment property	(96,815)	-	-	-	(1,968)		(1,954)
Impairment of trade receivables	(120)	(41)	(1,952)	-	-	-	-
Adjustment on accrued Interest upon completion of full repayment of Loan	-	(252)	-	-	-	-	-
Net Cash Provided/(used) by Operating Activities	148,682	116,091	110,025	72,729	57,321	59,670	59,675
<b>Changes in working capital</b>							
Increase in trade and other receivables	(3,415)	7,213	(1,592)	(1,573)	(20)	165	(169)
(Decrease)/increase in trade and other payables	26,013	(7,621)	(4,998)	(1,268)	9,386	624	239
Cash generated from operations	171,280	115,683	103,435	69,888	66,686	60,458	59,745
Retirement obligations paid	(3,663)	(3,636)	(2,316)	(1,992)	(2,791)	(2,127)	(4,418)
Interest received	795	663	1,037	650	4,200	2,858	2,897
<b>Net cash inflow from operating activities</b>	<b>168,411</b>	<b>112,710</b>	<b>102,156</b>	<b>68,545</b>	<b>68,095</b>	<b>61,189</b>	<b>58,224</b>
<b>Cash flows from investing activities</b>							
Purchase of property, plant and equipment	(7,772)	(3,178)	(2,736)	(4,883)	(16,905)	(24,618)	(3,218)
Investment in Treasury bills	(3,640)	-	-	-	-	-	-
Proceeds from sale of asset	-	-	10	-	-	-	-
Investment in Treasury bills	-	(5,199)	5,203	-	-	-	-
<b>Net cash outflow from investing activities</b>	<b>(11,412)</b>	<b>(8,376)</b>	<b>2,476</b>	<b>(4,883)</b>	<b>(16,905)</b>	<b>(24,618)</b>	<b>(3,218)</b>
<b>Cash flows from financing activities</b>							
Borrowing received							
Loan Repayment	(19,230)	(10,612)	-	-	-	-	-
Interest paid	(1,359)	(92)	-	-	-	-	-
Amount transferred to the Government of Seychelles	(72,600)	(105,235)	(65,960)	(51,954)	(32,377)	(26,689)	(47,677)
<b>Net cash inflow from financing activities</b>	<b>(93,190)</b>	<b>(115,938)</b>	<b>(65,960)</b>	<b>(51,954)</b>	<b>(32,377)</b>	<b>(26,689)</b>	<b>(47,677)</b>
Net change in cash and cash equivalents	63,810	(11,605)	38,672	11,709	13,813	9,882	7,328
Movement in cash and cash equivalents							
<b>At Jan 1</b>	<b>62,363</b>	<b>126,172</b>	<b>114,567</b>	<b>153,090</b>	<b>164,798</b>	<b>178,611</b>	<b>188,493</b>
Increase during the year	63,810	(11,605)	38,522	11,709	13,813	9,882	7,328
<b>At Dec 31</b>	<b>126,172</b>	<b>114,567</b>	<b>153,090</b>	<b>164,798</b>	<b>178,611</b>	<b>188,493</b>	<b>195,821</b>

#### 1.1.5.4. *Projected Capital Investment Plan of FSA*

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Funds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast		
							2020	2021	2022		2024	2025	2026
<b>Major Capital Investments</b>													
Renovation of Admin Block		-	-	-	-	-	83	-	-	2,751	-	-	
Renovation of technical office		-	-	-	-	-	-	-	427	-	-	-	
Construction of New FSA Building	Accommodating of FSA officers into one central building	Occupancy	150,000	-	-	-	-	-	-	19,373	-	22,500 4,500	
Construction of New FSA Warehouse	Temporary housing of FSA officers and to be leased out once completion of building	Occupancy and rental income long term	12,520	-	-	-	-	-	-	1,740	9,840	1,240 120	
Centralization of sewage system		-	-	-	-	-	-	-	-	-	200	-	
Net Edge		-	-	-	-	-	-	-	-	-	4,641	-	
<b>Replacements and upkeep of Assets (PPE)</b>													
Furniture & Fixtures		-	-	-	-	-	226	239	340	225	464	141	
Other Assets		-	-	-	-	-	335	1,007	974	210	700	350	
Plant & Equipment		-	-	-	-	-	2,065	1,423	960	875	1,060	387	
<b>TOTAL</b>		-	-	-	-	-	<b>2,709</b>	<b>2,669</b>	<b>2,701</b>	<b>25,173</b>	<b>16,905</b>	<b>24,618</b>	
													<b>5,339</b>

## 1.1.6. **Projected TAX, Dividend, Debt Payments, Subventions, Grants and Contingencies**

### 1.1.6.1. ***Projected Tax Implications***

FSA is exempted from Business Tax.

### 1.1.6.2. ***Projected Dividend Distribution***

Nature of Dividend	SCR ('000)						
	Actual Figures			Provisional		Forecast	
	2020	2021	2022	2023	2024	2025	2026
Dividends in Cash	85,269	92,566	85,960	31,954	32,377	26,416	47,677
Dividends in lieu of Cash	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>85,269</b>	<b>92,566</b>	<b>85,960</b>	<b>31,954</b>	<b>32,377</b>	<b>26,416</b>	<b>47,677</b>

### 1.1.6.3. ***Projected Debt Payments***

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional		Forecast	
				2020	2021	2022	2023	2024	2025	2026
7.5 Million USD from External Debt	Borrowings	Construction of warehouse	<b>60,334</b>	-	-	-	-	-	-	-
	Interest for the Year	-	-	1,359	92	-	-	-	-	-
	Repayment of Capital	-	-	19,230	10,612	-	-	-	-	-
	Balance carried forward	-	-	<b>10,612</b>	-	-	-	-	-	-
Debt for Other PEs FSA	Borrowings	-	-	-	-	-	-	-	-	-
	Interest for the Year	-	-	-	-	-	-	-	-	-
	Repayment of Capital	-	-	-	-	-	-	-	-	-
	Balance carried forward	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>			<b>60,334</b>	<b>31,202</b>	<b>10,704</b>	-	-	-	-	-

### 1.1.6.4. ***Projected Grants and Subsidies***

FSA is not anticipating to receive subventions and grants.

### 1.1.6.5. ***Contingencies of FSA***

FSA is not anticipating any contingent liabilities.

### 1.1.6.6. ***Assumptions used for the Financial Projections***

#### **Revenue**

Assumptions used for the forecasted revenues are based on historical statistics and trends analysis.

- 1) Based on historical trend and statistics, there is an annual average decrease in IBC renewals. It is being projected that the number of IBC companies that will be both incorporated and renewed will continue to decrease in 2024 to 2026.

- 2) As for Capital Market Fund and Securities, proposed and ongoing legislative amendments within the next year shall affect the rate of receipt of securities dealer applications and subsequently license issuance. This will lead to a steadier increase of fees as well.
- 3) The Authority also invested in a USD Fixed Deposits in 2023 hence expected interest income has been forecasted in the coming 3 years.

## Expenditure

### Personal Emoluments

There is a proposed increase in the forecasted Personal Emoluments due to increments and adjustments of salaries and allowances in line with approved internal policies such as the performance allowance, recruitments and promotions for the year 2024 to 2026.

### Rental Expense

The FSA is currently working on building a warehouse, which will be used for accommodating some of the staff members currently located at providence. Hence, the forecasted rent has shown a decline from the year 2025 upon completion of the warehouse.

#### 1.1.7. *KPIs, Risk Management Strategy and Reporting Obligations*

##### 1.1.7.1. *Key Performance Indicators of FSA*

Title of Key Performance Indicators	Description	Licensees	Achievements of KPIs						
			Actual Figures			Provisional	Forecast		
			2020	2021	2022		2023	2024	2025
Growth in number of licensees	Measures the effectiveness of attracting new business and provides an overview of the potential economic contribution of the NBFS sector	ICSP	66	64	63	63	62	61	61
		TSPs	22	22	20	20	22	22	22
		FSP	19	19	21	21	21	23	24
		Domestic Insurer	6	6	6	7	8	8	8
		Domestic Re-insurer	1	0	0	0	0	0	0
		Non-Domestic Insurer	6	8	9	9	11	11	12
		Domestic brokers	20	24	24	24	29	32	34
		Non-Domestic brokers	0	0	0	0	0	0	0
		Agents	3	2	2	2	4	4	4
		Sub-agents	47	48	44	45	50	52	54
		Principal Insurance Representatives	1	3	2	3	3	3	3
		Insurance Manager	0	0	0	0	0	0	0
		Fund Administrators	4	5	7	7	5	5	5
		Restricted Fund Administrators	0	0	0	0	0	0	0
		Approved Foreign Administrators	2	3	3	3	2	0	0
		Private Funds	3	3	3	2	2	1	0
		Professional Funds	8	6	6	6	3	3	3
		Public Funds	2	1	1	1	0	0	0
		Exempt Foreign Funds	0	0	0	0	0	0	0
		International Trade Zone Companies	27	23	22	24	25	25	25

		Securities Exchanges	2	2	2	2	2	2	1
		Listed Companies	47	57	53	60	60	66	72
		Securities Facilities	2	2	2	2	2	2	2
		Clearing Agency	2	2	2	2	2	2	1
		Securities Dealers	68	89	133	160	148	167	185
		Securities Dealers' Representatives	70	100	139	176	149	167	184
		Investment Advisors	4	3	2	2	2	2	2
		Investment Advisors' Representatives	3	1	2	3	1	1	1
		Slot Machines	8	7	7	7	7	7	7
		Casinos	6	4	4	4	4	4	4
Growth uptake products in of	Measures the effectiveness of attracting new business and provides an overview of the potential economic contribution of the NBFS sector	IBCs	54,764	53,368	46,716	46,487	43,519	40,552	37,555
		Company Special Licenses	338	338	341	343	340	336	332
		Foundations	918	976	1,054	1,112	1,133	1,208	1,285
		Trusts	849	881	926	953	964	1,000	1,010
		Limited Partnerships	32	33	35	35	33	34	35
		Protected Cell Companies	20	22	25	25	20	21	22
Nature of enforcement actions for potential supervision	Tracks the number of enforcement actions taken against non-compliant licensees	Set targets were not provided							
Number of enforcement actions for AML/CFT supervision	Tracks the number of enforcement actions taken against non-compliant licensees	-	-	-	4	33	35	35	35
Financial Literacy Outreach	Tracks the reach and impact of financial literacy and education programmes conducted	-	1	3	3	5	5	5	5
Supervision Coverage	Measures the percentage of licensed entities that undergo regular supervisory inspection	IG & PSS Casinos and slot machines	-	64%	100%	100%	100%	100%	100%
		Insurance	-	10%	24%	25%	25%	25%	26%
		ITZ	-	20%	50%	53%	53%	53%	53%
		CM&CISS	-	78.26%	85.72%	81.43%	97.81%	100%	100%
		Fiduciary	27%	28%	18%	34%	20%	25%	25%
AML/CFT effectiveness	Evaluate the effectiveness of AML/CFT efforts through number of STRs and successful prosecutions	Set targets were not provided							

### 1.1.7.2. Risks and Resilience Plan of FSA

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	Failure to achieve strategic objectives	Monitoring and evaluation process for the achievement of strategic objectives, including implementing corrective measures as required.
	Specialists' skills shortage or unavailability	Effective human resource management including for staff recruitment, training and retention.
Financial Risks	Credit risk	Effective debtor management/credit control
	Liquidity risk	Ensuring sufficient cash is available for daily operations and financial commitments that may arise.
	Budget deficit due to increase of unplanned expenditures	Control of other expenditures to gain savings as a result to cater for unexpected expenditures and increases.
	Revenue risk	Product diversification and ensuring visibility of jurisdiction, products and services on offer.
Operational Risks	Information Technology and Cybersecurity risks	Strengthening the technological infrastructure and cybersecurity measures.
	Non-conducive or inefficient resources to efficiently carry out operations	Effective resource management.
		Undertaking the required investments.
Compliance and Regulatory Risks	Failure to meet international standards and requirements	Annual review process used to capture new compliance requirements and review/update existing requirements.
	Detrimental business conduct by licensees	Getting the consent of international standard setting bodies on draft legislations before enactment.
	Exposure to unregulated products and activities	Onsite and offsite inspections Review of licensees procedures and processes Issuing scam alerts and monitoring of scam schemes. Introducing regulatory frameworks.
Environmental and Social Risks	Workplace environmental hazards	Adherence to health and safety protocols
	Natural disasters	Prevention measures
	Adverse effects on mental health	Business continuity planning Fringe benefits Teambuilding activities Reward and recognition measures
PESTEL	-	-
	-	-
	-	-

### 1.1.7.3. List of External Reporting by the Financial Services Authority

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Statistics on AML/CFT	National AML/CFT Committee ("NAC")	Maintain comprehensive statistics on matters relevant to the effectiveness and efficiency of the AML/CFT systems in line with the requirements of Recommendation 33 of the FATF Standards.	By 14 <sup>th</sup> of the month following each quarter
CISNA country report	CISNA secretariat	Legislation administered by the FSA and legislative changes Statistics pertaining to the capital markets sub-committee(number of licensees by categories, listings(market capitalization, number of listings, volume, liquidity percentage) The capital markets landscape(updates) Consumer financial education	Bi-Annually
Financial Access Survey	IMF (FSA's inputs are submitted to the CBS)	Provides data on access to and use of financial services e.g. insurance, which monitors the level of financial inclusion	Annually
COMESA Financial Stability Report	COMESA (FSA's inputs are submitted to the CBS)	Statistics on Non-Bank Financial Services Sector	Annually
Investment Regulation of Pension Funds and Other Pension Providers	IOPS /OECD	Assessment of Pension Funds and Other Pension Providers	Annually
Observance of ICPs	IAIS	Assessment of FSA's regulatory purview vis-à-vis ICP standards	Annually
Report on learnings from the design, implementation, use and review of risk based supervision by pension supervisory authorities	IOPS/OECD	The RBS Learnings project report brings together experiences of pension supervisors and identifies learnings and good practices to support Members when designing, implementing, using or reviewing a risk based supervisory approach. Its content is drawn from a survey of 45 member jurisdictions and was supported by Member case studies, workshop discussions and a literature review	Annually
Operational Statistics	National Bureau of Statistics	Monthly operational statistics of Indian Ocean Tuna Limited and Chelle medical.	Quarterly
ITZ Employment statistics	International Labour Organization (submitted to Ministry of Employment)	Employment statistics for the ITZ sector	Bi-Annually
Annual Report	The Minister of Finance, National Assembly. President's Office, PEMC	The report is meant to give an overview of the Authority's operations and activities for that financial year together with a copy of the audited financial statements.	Annually (within three months of completion of the audit of its account in respect of any financial year)
5 year strategic Plan	PEMC		Every 5 years
Statement of Corporate Intent	Minister of Finance PEMC		
Annual Business Plan	Minister of Finance PEMC		Annually
Minutes of the meetings of the Board	PEMC		
Medium Term Financial Strategy (Budget)	Minister of Finance PEMC	Forecast Budget	Annually
Quarterly questionnaire	National Bureau of Statistics	Statistics questionnaire	Quarterly
Audit Plan	PEMC		
Annual audit report	PEMC OAG	Audited annual financial statements.	Annually
Disposal of assets report	PEMC		
Quarterly reporting	PEMC	Provisional statements of financial position, income statement, cash flow, notes to the accounts and depreciation schedules.	Quarterly
Group of International Finance Centre Supervisors Summary Statement	Chairman and Vice Chair of GIFCS	The report aims to assess events, progress, and regulations related to TCSPs, AML/CFT, emerging market products like VASP and VAs, and areas of concern like ESG. The findings are shared with stakeholders, including FATF, to highlight shared challenges in small island states and smaller jurisdictions. Responses inform discussions and agenda items for the April and November Plenary sessions.	Annually
Quarterly FSA Questionnaire	National Bureau of Statistics	Statistics on revenue and expenditure	Quarterly

### 1.1.7.4. Stakeholder Engagement

The MTFS is in draft mode and yet to be approved by the BoDs and the responsible Minister for FSA. As such, the statement of commitments by the CEO, BoDs and the responsible minister is not included.