

Following the media release issued by the Competition Commission of Mauritius (CCM), Cim Finance Limited (CFL) can confirm that it has been in discussions with CCM for several months in relation to the Hire Purchase (HP) market and in particular with respect to the merchant discounts charged by CFL to support its point-of-sale (POS) financing activities.

CFL has been providing POS financing solutions in the local market for the last thirty years. During this time, it has built an extensive network of partnership arrangements with many retailers and been able to supply a competitive financing solution to many thousands of consumers who might have otherwise been unable to buy the goods that they needed to improve their standard of living.

Throughout this period, CFL has chosen to align itself to the capped interest rates incorporated within the Hire Purchase (HP) & Credit Sale regulations. This rate was radically reduced in April 2015 from 19% to 12% and HP still represents the only price-controlled financing product in the local market. In our opinion, the HP rate reduction has clearly been a significant factor in other smaller HP providers withdrawing from the market. It also has led to a material distortion in the price of borrowing at the lower end of the mass market.

We are pleased that the dialogue between CFL and the CCM has been undertaken in a climate of cooperation and we firmly believe that, through a number of undertakings proposed by CFL, the concerns of the CCM will be addressed. These undertakings have been offered to ensure an effective, prompt and win-win solution for all parties concerned.

These undertakings, if accepted by the CCM, would be implemented within a period of nine months from the date of their acceptance and we do not anticipate that their adoption will cause a material impact on CFL's results.

CFL is continuing to diversify its product base and is looking to further its ambition of being a core provider of retail POS financing solutions.

## **Cim Finance Ltd**

30 January 2017

*Note: The activities of Cim Finance Limited (CFL) are regulated by the Financial Services Commission and the Bank of Mauritius. CFL has a large network of merchant partners with whom it works to provide competitive point-of-sale (POS) financing to buyers of consumer goods. Currently, CFL aligns its POS financing activities to the provisions of the Hire Purchase & Credit Sale regulations which, inter alia, caps the maximum rate of interest charged to borrowers at 12% per annum.*

## **Cim Finance Ltd.**

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