

**UNVEILING THE DETERMINANTS OF THE MAURITIAN BANKING SECTOR FDI.**

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**ABSTRACT**

This study attempts to analyze and model the significant components of international trade in financial services, namely, FDI in banking for Mauritius for a period of 1970-2010 in a Vector Autoregressive (VAR) approach. Results from the analysis reveal the causal ordering between FDI and its other determinants both in the long run and short run. The empirical results of FDI in banking indicate that FDI in non banking sector, human capital, trade openness, bank's foreign assets, and cost of capital are the major channels of FDI in banking sector.

Keywords: *FDI, Banking, Vector Error Correction Model (VECM).*