

26 June 2024

MFSA Annual Report: Malta's Financial Sector Continues to Thrive with 11.8% Growth in 2023

The Malta Financial Services Authority (MFSA) today [released](#) its Annual Report, highlighting the stability and resilience of the Maltese financial services industry in 2023.

Financial Stability and Industry Strength

Malta's financial services sector is a major player in the country's economic success. Between 2022 and 2023, the financial services sector witnessed a robust growth of 11.8% contributing significantly to the country's Gross Value Added (GVA). During the year under review, the sector generated €1,251 million in GVA. The number of people employed in the local financial services sector has also grown by nearly 6,500 people in absolute terms between 2019 and 2023. The Authority received 352 applications for new licences across all sectors during the year, 84% of which were approved and 16% withdrawn or refused.

Consumer Protection and Innovation

Making sure that financial entities play fair and that consumers feel safe is part of the MFSA's mission. The report details the Authority's efforts to safeguard consumer interests through increased oversight, and a greater emphasis on compliance within the financial sector. The Authority increased its supervisory interactions by 50% between 2023 and 2024, with a continued emphasis on financial crime compliance. During the year, 77 enforcement actions were taken, amounting to €444,800 in penalties.

With a proactive stance on digital resilience and cybersecurity, the Authority looks at innovation as complementary to consumer protection, noting that when balanced correctly, they are the forces that can drive the industry forward.

Regulatory Leadership

The MFSA has set benchmarks in several regulatory areas, including the Virtual Financial Assets (VFA) Framework, which aligns closely with the European Union's Markets in Crypto-Assets (MiCA) regulation, positioning Malta at the forefront of digital finance. The Notified Professional Investor Funds (NPIF) Framework was launched in December 2023, enhancing Malta's attractiveness as a fund management jurisdiction. Additionally, through its participation in an EU multi-country project which is set to bolster supervisory capacity in

sustainable finance, the Authority is also underscoring its commitment to forward-thinking regulation.

Commitment to Stakeholder Engagement

In 2023, the MFSA has also strengthened its global collaboration. As part of its outreach strategy, several new Memoranda of Understanding were signed with both local and foreign institutions, and bilateral meetings were held on an ongoing basis with regulatory peers to exchange best practices. The 10 regulatory briefings and conferences held in 2023 are also evidence of the MFSA's priority to encourage open dialogue with industry participants and stakeholders. These were supplemented by a number of official publications throughout the year, including Dear CEO letters and guidance notes – a means through which the MFSA clearly set out the expectations that need to be met by licensed entities. In order to protect consumers, the Authority has published over 30 warnings and rolled out 4 education campaigns to improve financial literacy among the public, including information on scams, the impact of inflation, and the risks around crypto investments.

Investing in Human Capital and Digitalisation

The MFSA's success hinges on its team's expertise and the need to keep abreast with the latest developments in the sector, with its employees receiving 27,400 training hours in 2023, through its the Financial Supervisors Academy – up by 29% from 2022. The Authority's investment in its people is backed by a comprehensive digitalisation strategy that leverages cutting-edge technology. The Supervisory Case Management System (SCMS) will be a critical component, empowering the Authority to harness data insights and streamline business processes for a more agile and effective approach to supervision."

"I am immensely proud of the progress we have made this year," said Kenneth Farrugia, CEO of the MFSA. "Our focus on being an effective and efficient regulator has strengthened our role in the financial services sector, both in Malta and internationally. We will continue to achieve our mission and uphold the highest standards of regulation and supervision with the support of our dedicated team, industry partners, and stakeholders."

"We understand that financial services are not merely about numbers and transactions; they are about people's lives, aspirations, and futures. Our regulatory framework is designed to protect consumers, ensuring they have access to transparent and reliable financial products and services," added Jesmond Gatt, Chairman of the MFSA.

The full Annual Report can be found on the [MFSA website](#).

About MFSA

The Malta Financial Services Authority (MFSA) is the single regulator of financial services in Malta, covering banks, insurance companies, investment services, trusts and pensions. In 2018, the MFSA became the first European regulator to develop a framework to regulate virtual financial assets. The MFSA's mission, as enshrined in its Strategic Statement, is to enhance its position as an independent, proactive and trustworthy supervisory authority with the main purpose of safeguarding the integrity of markets and maintaining stability within the financial sector, for the benefit and protection of consumers. The MFSA licenses over 2,000 entities to operate in the financial services sector.

