

9 October 2024

MFSA's First Financial Stability Conference Focuses on Real Estate and Climate Risks

The Malta Financial Services Authority held its first financial stability conference on 9 October 2024, focusing on the two pivotal themes which have become increasingly significant in the realm of financial stability, namely real estate and climate risks.

The event brought together industry professionals, policymakers, and academics, from both local and international institutions, who discussed the implications that these two areas have on our financial sector and the broader economy.

MFSA's Financial Stability Deputy Head Mr Mirko Mallia opened the conference by emphasising the need for effective monitoring of the financial system and for financial services operators to be vigilant about risks that may impact the wider financial sector. He noted that while the sector has become significantly more resilient over the past 15 years due to regulatory changes, challenges remain. The 2023 setbacks, particularly those related to events involving Silicon Valley Bank (SVB), underscore these ongoing risks. His opening address was followed by Ms Melanie Debono, Senior Europe Economist at Pantheon Macroeconomics, London, who evaluated the state of euro area economies, highlighting current and future challenges.

Mr Giacomo Anesi from the MFSA, Dr Brian Micallef from the Housing Authority, and Ms. Giorgia De Nora from the European Central Bank provided their insights on real estate and how this continues to be a driver of economic activity, especially in Malta. They also appraised house prices and delved into the sustainability of credit growth and housing affordability, whilst touching upon the important part that banks play in this market.

The financial sector also has a critical role in facilitating a transition to a sustainable economy. Over recent years, MFSA has identified sustainable finance as a key priority in its strategic planning and increased its resources allocated to this area while intensifying its analysis of climate-related risks.

The interventions of Mr Francesco Meglioli from the MFSA, Ms Gabriella Borda from the University of Malta, and Mr Yann Marin from the Network for Greening the Financial System (NGFS) shed light on the importance of treating climate change as a priority, not only for preserving our environment but also for maintaining financial stability. A panel discussion followed, with the participation of Finance Malta, the Malta Bankers of Association and Insurance Association Malta, amongst others, drawing observations from research and the industry perspective.

Mr Joseph Agius, Head of Financial Stability at the MFSA, said: “Today's conference focused on two major themes which are shaping the future of financial services. While the industry has long been familiar with our role as a single regulator and micro-prudential supervisor, the MFSA also plays an important part in evaluating and safeguarding against systemic risks affecting the financial sector at large. The MFSA is committed to keep fostering collaborations with external stakeholders, such as the Central Bank of Malta, the European Systemic Risk Board (ESRB), the European Central Bank (ECB), and International Monetary Fund (IMF), and benefit from its access to the global network of competent authorities and central banks, through its membership within the NGFS.”

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.

