

18 November 2024

MFSA Hosts Major Conference on Key Banking Regulation Reforms and Future Challenges

The MFSA successfully organised a conference on “Navigating the Reforms in Banking Regulation”, bringing together banking industry leaders, regulatory experts, and supervisory authorities to discuss the latest regulatory reforms impacting the sector.

The event provided valuable insights into the significant transformation that has taken place within the banking industry over the past decade, since the inception of the Single Supervisory Mechanism (SSM). A wide range of topics were covered, including proportionality in banking supervision, the implementation of the new Banking Package, cybersecurity resilience, and the role of the Anti-Money Laundering Authority (AMLA) in combating financial crime.

In his opening address, Kenneth Farrugia, Chief Executive Officer of the MFSA, reaffirmed the MFSA’s commitment to supporting banks as they navigate these regulatory reforms.

In her keynote speech, Elizabeth Mc Caul, Member of the European Central Bank’s Supervisory Board, highlighted the opportunities and challenges that the sector will be facing. “Effective banking supervision requires a comprehensive perspective, integrating immediate risks with emerging challenges like technological advancements and geopolitical shifts to ensure a stable, resilient financial system - because stability and resilience form the bedrock of long-term competitiveness,” she said.

Patrick Amis, Director General of the Directorate General Specialised Institutions and LSIs at the ECB, emphasised the achievements of the SSM over the past ten years, highlighting the critical role it has played in harmonising supervisory standards across the Eurozone. “Looking back on ten years of the European banking supervision, we see a stronger and more resilient European banking sector. The SSM has been essential in fostering stability and trust while upholding the principles of proportionality and a level playing field. This journey has reinforced how collaborative supervision can adapt to the diverse needs of banks across Europe, ensuring a secure financial future that serves all institutions and citizens alike,” Amis noted.

In his speech, Christopher P. Buttigieg spoke about proportionality in Banking Supervision proposing a Two-Tier EU Single Rulebook to differentiate between large, complex banks and smaller, less complex ones. The de Larosière approach to financial supervision, based on a Single Rulebook, Centralised Supervision, and Supervisory Convergence, has strengthened the resilience of the European financial system. However, its current implementation may be leading to excessive regulation that hampers competition and innovation. Considering a

Two-Tier Single Rulebook that differentiates between Large Complex Banks and Less Complex Banks could promote a more balanced regulatory framework for Europe's financial sector."

Catherine Galea, Head of Banking Supervision at the MFSA, remarked, "The Conference aimed to update the industry on regulatory reforms, enhance transparency around our expectations, and encourage preparedness for upcoming regulations. Today's event is just one amongst several MFSA initiatives which are intended to provide guidance to financial services operators, with the ultimate objective of fostering a robust and resilient banking sector in Malta," she remarked.

Other interventions during the event included representatives from the European Commission, the De Nederlandsche Bank, the National Bank of Belgium, the Malta Bankers' Association, BNF Bank, as well members from the MFSA's Banking Supervision team.

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.

