

Media Release

Finance sector growth continues with new licenses in every sector and employment numbers up, says MFSA annual report

The MFSA's annual report for 2009, published on 16th April 2010, records another year of growth for the country's finance sector. Writing in the report, the MFSA's chairman, Professor Joe Bannister, says, "Given the turmoil that followed the worldwide financial crisis, the performance of Malta's financial services sector in 2009 can be described as extremely good."

Malta continued to be highly ranked for its performance in the financial sector. The World Economic Forum's Global Competitiveness Index 2009-2010 ranked Malta 13th out of 133 countries for its financial market sophistication, while the banking system was reported to be the 13th soundest in the world.

"The world has experienced the worst economic conditions of the last 70 years, with the finance sector being one of the biggest casualties, yet Malta has seen its finance industry grow and its international reputation remain high. Our continued success is a tribute to the prudent policies of our banks and other financial institutions and to the high quality of the people who work in the industry. We have the expertise the world seeks, but more importantly we have established a sound reputation for stability, steadiness and high standards," says Professor Bannister.

The Authority reports that while the number of people working in financial services fell in many countries following the global financial crisis, finance sector employment in Malta increased by 103 and the industry now accounts for 8,900 direct and indirect jobs.

The report notes the particular importance of finance sector jobs to the national economy, pointing out that while finance is the best paid sector of the economy, and thus each new job makes a disproportionately larger contribution to national finances, the industry in Malta behaved responsibly in terms of remuneration.

During 2009, the Authority issued new licences in all areas of financial services activity. The MFSA's Supervisory Council met 34 times and granted a total of 168 new licences, authorisations, enrolments and registrations to conduct financial services business. There was again a substantial increase in the number of professional investor funds and fund managers. Another credit institution was added on the banking side, while the number of insurance companies and intermediaries and authorised trustees also continued to increase. No finance businesses of any significant size ceased trading in Malta during 2009.

The majority of the world's leading insurance management businesses had operations in Malta by the close of 2009. As a result, this sector is expected to grow organically in future, rather than through inward investment.

"We set out some five years ago to build Malta's capabilities in managed insurance and the fact that most of the world's largest providers are now in Malta puts us in a strong position to be one of the leading EU managed insurance jurisdictions in future. As the

global economy recovers we are likely to see significant growth in the volumes of business coming to Malta,” says Professor Bannister.

Agreement opens UK pensions market to Malta

In 2009 the framework for the regulation and supervision of occupational pension schemes and funds came into place. The market for cross-border pensions is largely undeveloped in the EU, though Malta’s foresight in putting legislation and regulation in place was vindicated in 2009 when the UK market was opened up, following successful negotiations with Britain’s tax authorities.

Other significant developments on the international stage included the Authority signing or finalising a total of seven new memoranda of understanding with foreign jurisdictions, the completion of work on the technical evaluation and legislation for Sharia products and seven major research projects, including work on examining the potential to open new markets beyond the EU.

MFSA strengthens organisational structure

In line with its three year Strategic Plan and in the wake of the new EU regulatory structures put in place following the financial crisis, the MFSA worked on a new managerial and organisational structure that was put into operation at the start of 2010. The new structure, which represents the largest reorganisation in the MFSA’s history, focuses on greater integration and harmonisation of functions to improve the MFSA’s ability to identify potential risk as early as possible. The changes will strengthen the organisation’s operational ability in risk-based supervision, improve its efficiency and customer service abilities and help minimise duplication of functions and bureaucracy.

Staying ahead in the intellectual capital stakes

The report discusses the growing strength of the Asian economies, their potential arrival on the global financial services stage and the very large investments in higher education by, particularly, India and China. It highlights the importance of the work being done by the Education Consultative Committee (ECC) in identifying new training and education needs and working in partnership to bring new courses into being.

Noting that mobile companies can now find highly educated people in jurisdictions across the world, it says that the ECC is seeding the message with young people that what are often called “soft-skills” – attitude, demeanour, flexibility and positivity – are of equal importance to academic achievement.

“As we face great changes in the global market for talent, it will serve Malta well to be recognised not only for the intellectual strengths of its people, but also for their work ethic, dynamism and commitment,” says Professor Bannister.

The MFSA Annual Report for 2009 is available from the publications section on the MFSA website: www.mfsa.com.mt