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## MFSA outlines expectations on financial crime risk mitigation in industry workshop

- MFSA acts not merely as a regulator but as an industry partner in order to minimise the opportunities for criminals to use Malta as a vehicle for illicit activity
- In new areas such as FinTech, MFSA is aware of challenges, hence it catered for all key areas of risk, and its continued efforts to guide regulated firms to become compliant
- Emphasis placed on need for a stronger compliance culture

With the turn of the year, the MFSA has renewed its commitment to create opportunities through which it can strengthen its engagement with stakeholders in the financial services industry. Placing this at the top of its agenda, today, the Authority organised an industry workshop, intended to assist entities as they endeavour to protect themselves from being used as vehicles for financial crime. The session, which was attended by over 300 industry stakeholders, was organised in collaboration with FTI Consulting, and led by Senior Managing Directors Federica Taccogna and Nigel Webb, as well as Managing Director Thea Utoft.

In her welcome address, MFSA Chief Officer Supervision, Marianne Scicluna reiterated the MFSA's strategy of embedding financial crime compliance into all of the Authority's Supervisory activities, in its continuous efforts to adopt a more holistic approach towards supervision. Ms Scicluna further emphasised the MFSA's ongoing coordination and cooperation with the Financial Intelligence Analysis Unit (FIAU), for which the Authority acts as an agent. Highlighting the MFSA's commitment to help and guide entities to become compliant, Ms Scicluna stressed that, "whilst the MFSA is first and foremost a regulator, it must also fulfil the role of industry partner in order to minimise the opportunities for criminals to use Malta as a vehicle for illicit activity."

An overview of the Anti-Money Laundering ('AML') and Counter Terrorist Financing ('CTF') principles and the overarching regulatory framework referencing the EU third, fourth and fifth money laundering directives were shared by the speakers during the event. This was complemented by an explanation of the varying methods used by criminals in relation to their objectives, along with the responsibilities of officials in the event of suspicion being raised.

During the workshop, FTI Consulting's Senior Managing Director, Federica Taccogna also touched upon the emerging risks associated with both changing legislation and Malta's economic development strategy such as the challenges which the FinTech revolution will bring about. Conscious that new technologies provide new vehicles and tools for money-laundering or scamming, Ms Taccogna referred to the MFSA's pivotal role in developing a complete framework which caters for all key areas of risk, and its continued efforts to guide regulated firms to become compliant.

Concluding with a discussion on the role of the Money Laundering Reporting Officer (MLRO) and the areas in which shortcomings are often detected within AML frameworks, Ms Taccogna reiterated the need for a strong compliance culture and the importance of having a clear "tone from the top". She remarked that, "while it is crucial for regulated firms to continue to invest in measures which prevent

criminals' abuse, regulators also need to strive to provide the necessary training through such workshops and seminars, for industry players to actively detect malicious activity,"

The training on Financial Crime Risk Mitigation was provided for Money Laundering Reporting Officers, Compliance and Risk managers and Senior executives through two separate workshop sessions. The first session targeted Company Service Providers, Trustees and Fiduciaries, whilst the second was tailored for Credit and Financial Institutions.

#### Note to the editors

In 2019, the MFSA engaged US-based consultancy firm FTI Consulting to strengthen its Financial Crime Compliance setup. A team of international experts was integrated within the MFSA's structures, acting as a temporary but critical transition device, providing not only immediate resource and expertise augmentation but also on-the-job coaching and hiring support to create a stronger permanent Financial Crime Compliance setup at the MFSA. This initiative has enabled the Authority to increase the number of inspections and reach an unprecedented quality in the investigative work which it carries out as part of its enhanced approach to combating money laundering and terrorist financing.

## 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. The MFSA became the first European regulator to develop a framework to regulate virtual financial assets. The MFSA's mission, as enshrined in its Vision 2021, 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. Over 2,300 entities are licensed by the MFSA to operate in the financial services sector, which makes up 11% of the Maltese Gross Domestic Product.



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