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MFSA publishes its Risk Culture and Risk Appetite Statements to enhance its risk-focused mindset for supervisory and operational activities

- Risk statements will provide for better identification, evaluation, management, and **communication of the Authority's risks and risk appetite**
- A risk-based approach will allow the MFSA to improve resilience and become more effective **while allowing third parties to understand better the Authority's risk framework**
- MFSA also publishes FAQs on both documents providing additional information

The Malta Financial Services Authority today released its Risk Culture and Risk Appetite Statements as part of its drive to place risk management at the centre of its strategy. These Statements seek to ensure the better identification, evaluation, management, and communication of the Authority's approach to risk.

The MFSA's Risk Culture Statement provides guidance in relation to best practice and implementation of the MFSA's Risk Culture change programme, whilst the MFSA's Risk Appetite Statement sets boundaries of acceptable levels of risk in key areas of the Authority's activities as a financial services supervisor.

"To better serve our role as the single regulator of financial services in Malta, we are working towards this transformation by incorporating a risk-based approach as we look to improve resiliency, enhance operational and supervisory effectiveness and address our strategic priorities. To transform our risk culture, we must ingrain a risk-focused mindset into the Authority's activities," stated the MFSA's Chief Executive Officer, Joseph Cuschieri.

The MFSA's Risk Appetite Statement documents the Authority's overall low risk appetite for supervisory risk. It also states that the MFSA is willing to consider a certain degree of tolerance for uncertain outcomes to foster innovation and efficiencies within certain business models, or with a view to achieving the MFSA's mission, vision, and strategic objectives.

"The MFSA's Risk Appetite Statement is an important step towards a sounder and more transparent risk management strategy for our Authority," said the MFSA's Head of Risk, Franco Borg. "By clearly conveying the acceptable level of risks within our activities, management and employees have clearer signposts to guide their decisions, and external stakeholders can better understand the Authority's actions in the context of the risks the Authority is facing."

The Risk Culture and Risk Appetite Statement are available on the [MFSA's website](#).

Explanatory note:

Risk Appetite:

The Malta Financial Services Authority's risk appetite is defined as the amount of risk (volatility of expected results) the Authority is willing to accept in pursuit of its mission and in carrying out its function as a financial services supervisor.

Risk Culture:

The Malta Financial Services Authority's Risk Culture describes the set of shared attitudes, values and behaviours that characterise how the Authority and its staff consider risk in their day-to-day activities. The MFSA aims to foster a positive risk culture.

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. As of last year, 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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