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MFSA launches its FinTech Regulatory Sandbox

As of today, FinTech operators can apply to test their innovations within the MFSA's FinTech Regulatory Sandbox, for a specified period of time and under certain prescribed conditions. The regulatory environment being created will further position the MFSA as a forward-looking Authority by providing legal certainty to industry players, whilst ensuring effective investor protection, market integrity and financial soundness in the FinTech environment.

Chief Officer - Strategy, Policy and Innovation, Michael Xuereb welcomed the launch of the Sandbox and noted that "financial services start-ups and incumbents view the Sandbox as a much-needed tool to help in the adoption of innovative solutions within their entities, in an orderly manner, whilst enabling them to offer value-added products and services to their customers. Furthermore, it will enable the MFSA to enhance its understanding of the ever-changing technological innovation and increase its technical knowhow in order to enable the necessary policy-making for further growth of the financial services industry in a sustainable manner".

MFSA CEO, Joseph Cuschieri, commented that "this marks the achievement of one of the Authority's main strategic objectives under its FinTech Strategy. It is a milestone towards creating a holistic long-term approach to catalyse innovation, growth and competition in the financial services market, complementing the Virtual Financial Assets Act, further positioning Malta as an international FinTech Hub and a global thought leader".

Cuschieri encouraged further collaboration with all stakeholders within the industry to reach new heights and conveyed appreciation of everyone's contribution in this project, as well as the industry players who provided their insightful feedback. He reiterated his commitment towards the MFSA's FinTech Strategy and, in this respect, set the direction for the next milestone being the establishment of the FinTech Innovation Hub, which is a strategic objective for Pillar 2 – Ecosystem of the FinTech Strategy.

Hon. Clayton Bartolo, Parliamentary Secretary for Financial Services and the Digital Economy, who was invited to the launch, stated that the MFSA Sandbox initiative will continue to contribute intrinsically towards competitiveness and economic activity. "By collaborating with participants, the Authority will have the opportunity to enhance its capacity in assessing the regulatory implications and gaps of such innovative solutions, and identify the appropriate response, as necessary. This will hence reaffirm Malta's reputation as a forward-looking jurisdiction that is open to innovation."

The MFSA encourages interested parties to visit the [MFSA's FinTech Regulatory Sandbox page](#). The MFSA's Rule 3 establishing the Sandbox Rule, together with respective guidelines and FAQs and a dedicated proposal form, are also available online. Further developments and updates will be published on the dedicated page, whilst any queries are to be addressed to fintech@mfsa.mt.

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 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 2,200 entities are licensed by the MFSA to operate in the financial services sector, which directly account for 6% of the economy total.

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