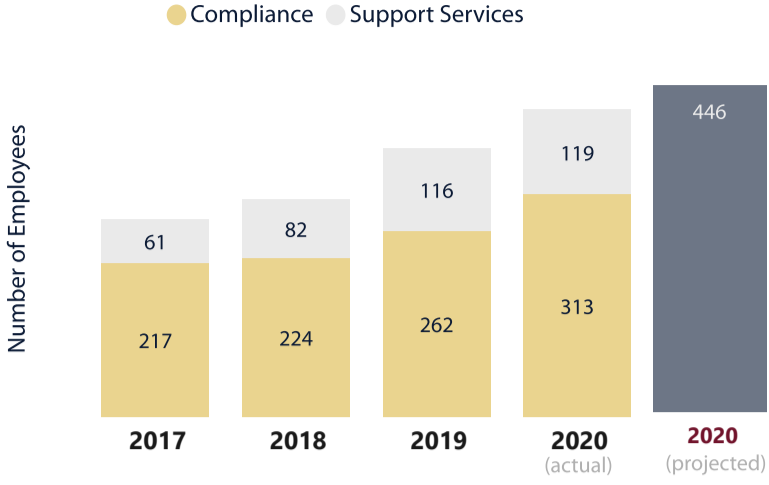


# Supervisory & Enforcement Effectiveness



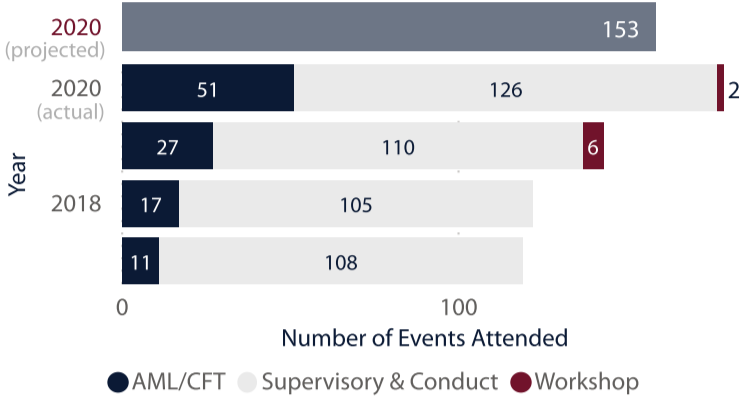
## Headcount & Resourcing



Headcount increased by 100 (+26.4%) between 2017 & 2019 and is projected to reach a total of 446 by the end of FY 2020.



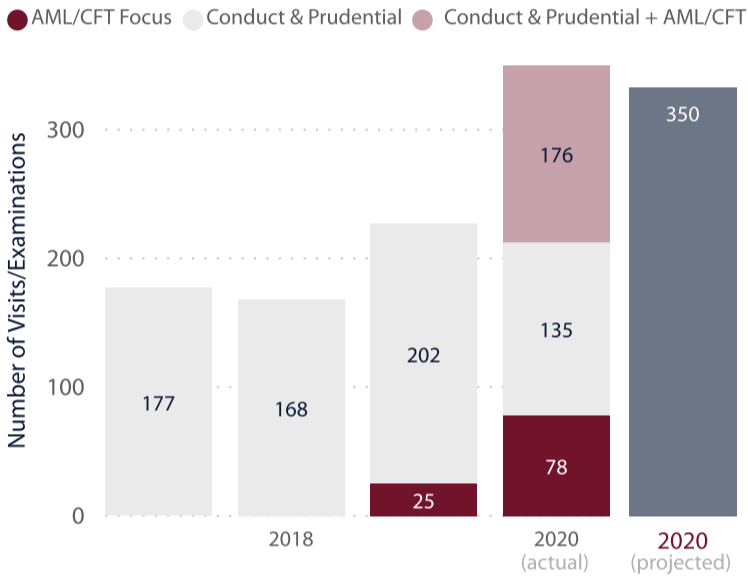
## Training & Workshops



As part of its regulatory engagement, the MFSA is organising more workshops, training & seminars in order to raise compliance standards across the industry and enhance its **skill sets**. This will be complemented by the launch of the Financial Supervisors Academy later during 2020.



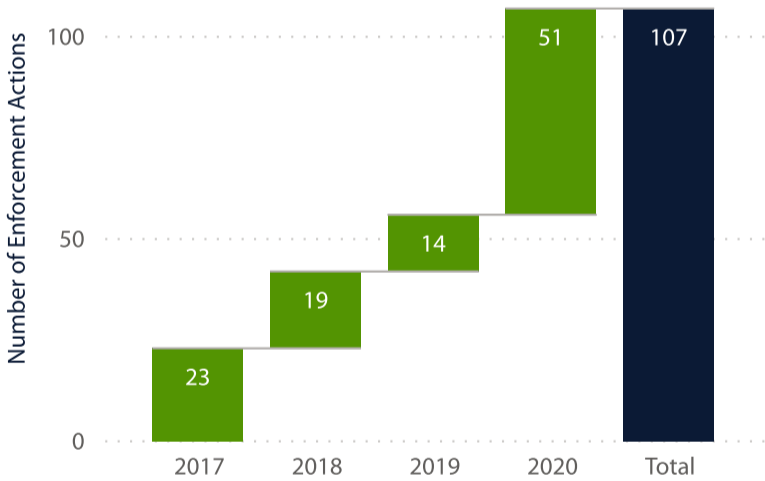
## On-site Inspections & Examinations



MFSA started carrying out **AML/CFT** focused supervisory visits as agents of the FIAU from 1st July 2019. The MFSA also started integrating an **AML/CFT** supervisory component into its conduct and prudential supervisory programme.



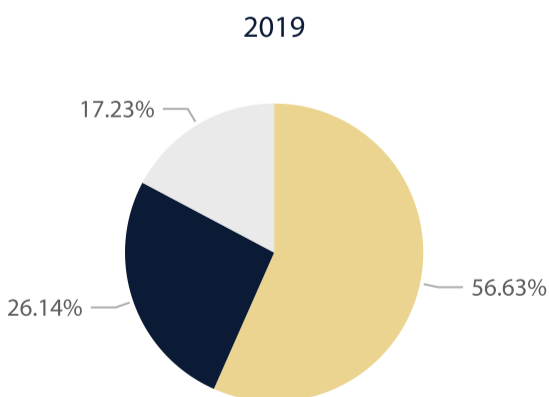
## Enforcement Actions



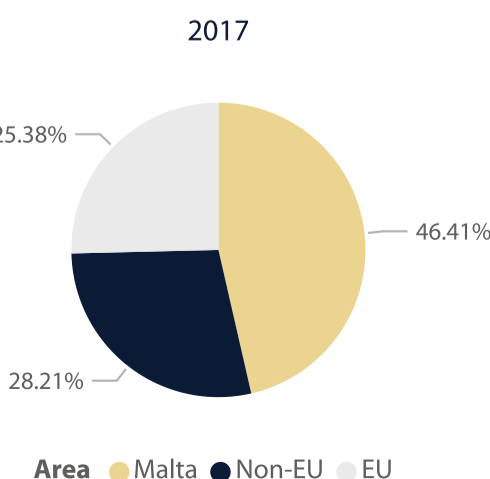
Fines issued for years 2017 – 2019 amounted to a combined total of **€1.2m**. As a result of increased on-site examinations and pending cases, the number of enforcement actions are expected to increase substantially. Until **October** the administrative penalties imposed amounted to a total of **€945,462** (including a notional penalty of **€475,192**).



## Geographical Structure of Maltese bank deposits



All banks have undergone **AML/CFT** risk assessments and have been categorised according to their risk profile.



**Measures to strengthen supervisory effectiveness & mitigate risk exposure**

Investment in IT solutions, knowledge management tools and supervisory automation systems including business intelligence tools.

Strengthen risk analysis and conduct regular sensitivity analysis on selected vulnerabilities in line with the new risk management framework.

Continue the capacity building exercise to address gaps in technical, enforcement and supervisory resources (broaden skills set).

Increase in number, intensity and risk orientation of on-site inspections for credit & financial institutions.

Strengthen prudential and conduct supervision to raise the quality of governance and control environment of licensed institutions.

Ensure the MFSA adopts a new 5-year business model based on a cost recovery fee policy to ensure long-term stable funding and full financial autonomy.

Improve timeliness of enforcement action and increase the use of monetary fines and reprimands.

Invest more in AML/CFT training to improve understanding of ML/TF risks, sanctions monitoring to raise compliance standards across the industry.

Enhance intelligence gathering, due diligence and ongoing monitoring of fit and properness of individuals and their involvements while operating in the financial services sector.

**Strategic priorities for the next 3 years****1**

Focus on the ongoing strategic engagement between the MFSA, FIAU and financial services players and practitioners to establish a common understanding of ML/TF risks, conduct expectations and the application of Malta's regulatory framework.

**2**

Complete the implementation of the MFSA's technology and knowledge management programme to improve data analysis, decision support and reporting.

**3**

Continue increasing frequency and intensity of on-site inspections of banks, FIs and other licensed institutions using a risk-driven approach.

**4**

Continue boosting the MFSA's capacity building efforts, broadening of skill sets and application of modern risk analysis tools.