

12 August, 2021

## **MFSA warns regulated entities on the promotion of financial products or services linked to reward or giveaways**

As part of its role to protect consumers of financial services, the Malta Financial Services Authority recently issued a [communication](#) to regulated entities to remind them of their obligation towards consumers when marketing financial products or services.

The Authority stated that linking any kind of reward to the acquisition of a financial service can encourage consumers to purchase products or services which are not required and/or do not meet their needs. Having observed a recent upsurge in the number of promotions entailing giveaways and rewards, the MFSA is stating its position on these promotional practices, advising regulated entities on what is acceptable and within which parameters this can be carried out.

In order to make regulated entities aware of the MFSA' expectations on transparent and fair marketing practices and consumer relations, the following set of guidelines have been issued:

- Gifts can only be offered in cases where these are related to the Product or Service being offered and enhance the value thereof.
- Gifts cannot be of substantial value.
- Unsolicited calls to clients should be avoided and consumers should not be subject to undue pressure by the Regulated Persons' representatives.
- Promotional materials should be reviewed before they are launched (ex-ante) by the respective Compliance Officers to ensure that they are compliant with the applicable rules.

In light of these promotional practices, the MFSA is also reminding consumers of financial services to make sure that the financial product or service they would like to purchase fits their requirements. If in doubt, consumers can always seek financial advice from authorised financial intermediaries. Moreover, the Authority calls on consumers to consider factors beyond instant rewards such as a free gift or the possibility to participate in a lottery, when making purchasing decisions.

Read the full circular here: <https://www.mfsa.mt/wp-content/uploads/2021/07/Marketing-campaigns-in-relation-to-financial-products-or-services-linked-to-rewards-or-giveaways.pdf>

## 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. The MFSA licenses over 2,000 entities to operate in the financial services sector.



**@MFSA warns regulated entities on the promotion of financial products or services linked to reward or giveaways**

