

05 August 2022

Beware of Unlicensed Foreign Exchange Entities – MFSA

The Authority is looking into alleged money exchange activities being undertaken by entities, especially in tourist locations, which might require prior authorisation by the MFSA.

These activities vary from retail outlets that accept payments in foreign currencies to physical exchange of foreign currency, the latter being a licensable activity falling under the Financial Institutions Act, Chapter 376 of the Laws of Malta. Unauthorised activities under the Financial Institutions Act may be considered as a criminal offence and subject to criminal action.

The Authority stresses that unregulated activity carries a number of risks for consumers, ranging from the potential for money-laundering to unofficial rates being used to the detriment of consumers.

Companies authorised by the MFSA to provide services falling under the Financial Institutions Act including foreign exchange are subject to an onerous authorisation process, and regular supervisory checks throughout the lifetime of the licence, which aim to ensure financial stability, adherence with financial crime compliance requirements and consumer protection.

In assessing allegations of unlicensed activities, the Authority considers specific merits of the case and determines what action may be warranted in the circumstances, in accordance with its legal remit. In fulfilling this role, it cooperates with various local and foreign authorities including the Malta Police with respect to suspected criminal activity.

Anyone witnessing such activity is encouraged to bring this to the attention of the relevant authorities.

The MFSA would like to remind consumers of financial services not to enter into any financial services transaction unless they have ascertained that the entity with whom the transaction is being made is authorised to provide such services by the MFSA or another reputable financial services regulator. A list of entities licensed by the MFSA can be viewed on the official website of the Authority at <https://www.mfsa.mt/financial-services-register/>.

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.



@ Beware of Unlicensed Foreign Exchange Entities – MFSA

