

25 May 2023

MFSA Raises Awareness About Red Flags to Watch Out For When Spotting Financial Scams

In light of the recent surge in scams reported locally, the MFSA has launched an educational campaign to warn the general public on the different types of financial scams that exist and how they can be detected.

In an [online guide](#) which the Authority has published on its website, available in both English and Maltese, it gives a snapshot of the most popular financial scams, explaining their characteristics and the tricks that scammers use to deceive people. The ultimate objective of scammers is to make people fall victim of their schemes and techniques, such that they can steal money from them. They generally do this by convincing victims to share their personal and account details or lure them into investing money by advertising fake offers or services.

In addition to banking and crypto currency scams, which are the ones which consumers might be more familiar with, the guide delves into potentially other less known kinds; from forex scams and clones, to romance scams and phishing email attempts.

In this guide the MFSA is advising the public to refer to a checklist of red flags which can prove useful for spotting a scam, and to share it with family and friends, especially those more susceptible to falling victims – teenagers and the elderly. Some of the red flags listed are the use of aggressive selling techniques and the promotion of limited time offers, unlicensed or unregistered companies, guarantees on a risk-free investment and getting rich quick. An obligation on the victim's part to pay a fee before receiving the promised earnings as well as the absence of a padlock symbol near the URL of the website, which is a sign that the entity is not using a secure network, are also warning signs.

Consumers are advised to make transactions with a financial entity only once they would have ascertained that it is licensed by the MFSA or any other reputable regulator. Verifications on local entities can be made through the MFSA's [Financial Services Register](#), available on the Authority's website: www.mfsa.mt.

MFSA's Chief Officer Enforcement, Dr Michelle Mizzi Buontempo stated: "The MFSA is taking proactive measures to protect the public and consumers of financial services. Our approach is two-pronged. While we continue supervising authorised entities to make sure that they

comply with the required legislation, our goal is also to ensure that people are sufficiently informed to recognise the red flags and prevent falling victim to these schemes.”

The public is encouraged to follow the MFSA’s social media pages on [Facebook](#) and [Instagram](#) for information bites on financial scams and how to avoid them, and download the full [online guide](#) from the website.

Steps to be taken when scammed

1. In the unfortunate event that a user ends up being scammed or thinks that they might be dealing with a scam, transactions with the entity should stop immediately.
2. The MFSA should also be contacted via [its website’s online form](#) as soon as suspicion arises. The more the information gathered and relayed by the victim, the better the MFSA can investigate to be able to identify the scammer.
3. Scams may be considered fraudulent in nature, constituting a criminal offence. Contacting the appropriate law enforcement agencies, such as the Malta Police Force, is highly encouraged.

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 Strategic Statement, 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 Raises Awareness About Red Flags to Watch Out For When Spotting Financial Scams

