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MFSA Releases 2022 Annual Report Highlighting the Industry's Continued Resilience

The Malta Financial Services Authority (MFSA) has today announced the publication of its [Annual Report and Financial Statements](#) for the year ending 31 December 2022, a report that looks back on a year of continued resilience in the face of global challenges.

In 2022, the financial industry in Malta has shown positive momentum contributing Eur1.178 billion in Gross Value Added to the economy, resulting in an increase of 4.3% over the previous year. The sector has also witnessed a significant rise in employment, with over 17,000 employees working within the industry - a remarkable growth of 26% when compared to 2021.

This growth is also reflected in the number of applications that the MFSA has received in 2022, with some sectors, such as the admissibility to listing of securities, even seeing a 70% increase. The Authority received 355 applications in total across all sectors during the year, 24% of which were withdrawn or refused.

In 2022, the MFSA conducted a total of 674 supervisory interactions, which encompassed a range of onsite and offsite reviews. These included 364 meetings, six Supervisory Review and Evaluation Processes, 217 inspections, 76 thematic reviews, and 11 mystery shopping exercises. In line with the Authority's unwavering focus on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT), 84% of the supervisory interactions had an AML/CFT element.

In 2022, the Authority further enhanced its supervisory oversight to include corporate service providers (CSPs) but also introduced two new functions specifically dedicated to overseeing capital markets, and trustees and CSPs. This move allows for more focused and comprehensive supervision of these sectors, which were previously supervised alongside other sectors in the industry. During the year, a total of 44 enforcement actions were taken, amounting to €147,445 in penalties.

In order to further enhance its supervisory capacity and effectively respond to the needs of an ever-changing financial services landscape, in 2022 the MFSA has secured participation in the EU Supervisory Digital Finance Academy, especially ahead of the Markets in Crypto-Assets (MiCA) regulation coming into force. Sustainable Finance is another major development affecting the sector across the board. As the world's targets for carbon

neutrality draw nearer and sustainable finance gains more importance, last year the Authority established a sustainable finance policy team to guide the industry on the requirements set by EU regulations.

The upskilling of its people remains at the centre of the MFSA's accomplishments, with its Financial Supervisors Academy providing over 21,000 hours of training to the team - 16% more hours than in 2021, and with over 2,000 hours dedicated to AML/CFT specifically.

In 2022 the Authority successfully completed a complex IT infrastructure architecture redesign and upgrade project to significantly improve future scalability, operational resilience and disaster recovery response times. The MFSA also continued to invest in its cybersecurity posture to protect its services, systems and data. As the Authority continues with its multi-year digitalisation programme, in 2022 the MFSA centralised records management, extended functionality on legacy platforms and continued re-engineering its processes to pave the way for the next phase of investments in information systems, in the execution of its transformation programme.

2022 has also been marked by MFSA's commitment to increasing transparency, mainly through the policies and guidance notes on enforcement procedures that it has published during the year. Engaging with the public also remained a top priority, having undertaken over 200 outreach initiatives in 2022 alone.

Reflecting on these results, MFSA's Chairman, Jesmond Gatt, stated: "The results obtained during the year under review reflect the commitment of Malta's lawmakers and the jurisdiction to support the financial services industry. The MFSA is committed to being an enabler of sustainable, technology-enabled financial innovation within the sector."

Kenneth Farrugia, MFSA's CEO, added: "I am both humbled and excited to have taken on the role of CEO at the MFSA. Looking ahead, the MFSA is steadfast in maintaining high standards, protecting consumers, and enhancing investor confidence. These pillars guide the Authority's actions and strategic objectives outlined in our Strategic Statement, which we commit to reaching in the next three years through a set of defined milestones. We also believe that strengthening synergies with all our stakeholders is a core enabler for ensuring the sustainable growth of Malta's financial services sector."

The MFSA's Annual Report and Financial Statements for 2022 is [available](#) on the MFSA website.

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.



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