

08 November 2023

Banks as Catalysts for Sustainable Transition Discussed at MFSA Conference

The “Future of Banking Supervision” conference, organised by the MFSA’s Financial Supervisors Academy on November 8, brought together key figures from the local and EU banking industry including representatives from the European Banking Authority (EBA) and the European Central Bank. The conference underscored the crucial role banks can play in facilitating a smooth transition to a sustainable environment and economy.

“Banks can and should act as a catalyst in an orderly transition to a sustainable environment and economy”, stated keynote speaker Francois-Louis Michaud, Executive Director of the EBA. He argued that regulators have devised key tools in a wide range of areas, including risk management, supervisory practices, disclosures, climate stress testing, as well as enhancements to the prudential framework, to facilitate this transition.

“As the financial landscape continues to evolve, we must ensure that our financial supervision is adaptive to the changing environment. We must be mindful of the interconnectedness of global markets and the geopolitical risks that come with it. We must also continue to address the challenges of climate change and environmental risks and embrace digital finance to stay ahead of the curve. As Europe strives to remain competitive in an increasingly fast-moving financial and regulatory environment, we must continue to strive for innovation in financial supervision and remain resilient to new challenges,” said MFSA’s Chief Officer Supervision, Dr Christopher P. Buttigieg.

Digital transformation and resilience were also discussed by Anne Lécuyer, Deputy Director of the Directorate General Specialised Institutions & LSIs at the European Central Bank, who said, “With digital transformation, our strategic objective is to achieve further resilience, in particular operational resilience. This should contribute to the sustainability of banks’ business model and enable them, amongst other things, to reap the benefits of innovative technologies”.

A significant highlight of the conference was the presence of Richard Walker, the Vice Chairman of MONEYVAL, who highlighted the importance of having a countrywide effective AML/CFT system which is sufficiently resourced, including in relation to conducting risk assessment processes. This is in order to ensure effective AML/CFT compliance. He also pointed out that the banking sector will always be a major player in any jurisdiction’s

compliance efforts. Local banks will remain key components in Malta's next country evaluation.

The Conference aimed to enhance transparency around the expectations of the Authority from banks and encourage discussion on upcoming regulations. Attended by over 100 bank representatives including Chairpersons, CEOs, CROs, and Compliance Officers, the conference's agenda was thoughtfully structured to address several key themes, including ESG risk management and sustainable finance in banking, regulating digital finance in banking, and AML/CFT developments and the supervisory approach.

Captions:

- **Photo 1:** François-Louis Michaud - Executive Director, European Banking Authority
- **Photo 2:** Anne Lécuyer - Deputy Director, Directorate General Specialised Institutions & LSIs, ECB
- **Photo 3:** Guest speakers of "The Future of Banking Supervision" conference with MFSA officials

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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