

11 March 2024

## MFSA Campaign Educates Consumers on the Dangers of Greenwashing

As the momentum for sustainable finance builds, the risk of misleading practices may also increase. To empower consumers and combat deceptive practices, the Malta Financial Services Authority has launched a campaign aimed at educating the public on sustainable finance, while simultaneously shedding light on the dangers of greenwashing.

**Sustainable Finance** promotes economic development while also positively contributing to environmental and social issues by directing financial resources toward activities that do not perpetuate environmental, social and economic harm. In this context, **greenwashing** occurs when companies falsely portray themselves or their products as environmentally friendly.

MFSA's Head of Conduct Supervision, Sarah Pulis said: "The campaign, 'Go Sustainable – Dodge Greenwashing!', is motivated by our commitment to empower the public to make informed and environmentally responsible financial choices. Greenwashing poses a significant challenge to consumers of financial services and having a keen eye in determining what is actually "green" is very important."

Examples of green financial products include: Bonds financing eco-friendly projects; Ethical funds investing in sustainable industries; Insurance-based investment products aligned with ESG goals and green loans supporting renewable energy initiatives and water conservation efforts.

To ensure both financial security and alignment with their sustainability values, the MFSA recommends that consumers take several crucial steps. This includes questioning the sustainability claims made by financial institutions and demanding transparency in their practices. Carrying out independent research on the criteria and metrics used to measure environmental impact is commendable for informed decision-making. Consumers should also seek to support initiatives that have undergone rigorous scrutiny and adhere to strict sustainability standards to improve the outcomes of their investment decisions. Financial Services providers should ensure that the financial products they recommend to their clients align with the latter's personal preferences and sustainability values.

For further information on sustainable financial products and greenwashing refer to the MFSA campaign website [here](#).

## 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.

