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MFSA Carries Out Over 470 Investigations in 2023, a Quarter of which Relate to Scams and Unauthorised Business

Over 25% of the 474 investigations carried out by the MFSA in 2023, were related to persons or entities which were suspected of undertaking licensable activities without having obtained the necessary authorisations, or scams.

These investigations include suspicious activity or dubious schemes which appeared to be of a detriment to consumers, such as clone companies and unlicensed exchange platforms. Following such investigations, 34 Public Warnings and Consumer Notices were issued by the MFSA with the aim of ensuring consumers' safety.

Enforcement is one of the MFSA's priorities and regulatory powers which serve to keep the conduct of financial service providers and authorised people in check. As part of its remit, the MFSA is responsible for conducting investigations into potential breaches of financial services laws and regulations by the entities or individuals which it authorises.

More than half of the investigations in 2023 were linked to late submissions of documentation, and the rest addressed issues related to governance and internal control deficiencies, fitness and properness, market manipulation or abuse, misselling and financial crime, amongst others. The investments sector held the largest number of investigations in 2023, followed by insurance and pensions, and trustees and company service providers, respectively.

The Authority took 77 enforcement actions in 2023 alone, 60 of which were in the form of an administrative penalty. MFSA's Head of Enforcement Edward Grech explained that, "As a result of our investigations, enforcement actions may be taken in order to safeguard the integrity of the financial services sector and protect consumers from potential harm and financial losses that may be caused by the misconduct of these licensed entities. The MFSA's objective is to ensure that such actions are fair, proportionate, dissuasive and effective, intending to educate those subject to such actions."

The total sum of the penalties issued in 2023 amounted to €444,800, with approximately 80% of these fines being related to non-submission of statutory documentation, most of which were imposed on collective investment schemes and insurance undertakings. Timely reporting of all submissions, as per the deadlines set out in the applicable legislation and regulations, is of utmost importance for the MFSA to be able to carry out its supervisory work. This enables the Authority to understand whether licensed entities are complying with its rules.

Last year, the MFSA also entered into four Settlement Agreements which entailed the taking of an administrative measure by the MFSA which would have already been agreed to during the settlement discussions. Through these agreements, the MFSA intends to resolve investigations in the shortest time possible, as stipulated in its Settlement Policy published in late 2022. A full list of the enforcement actions is publicly available on the MFSA's website, in line with its publication policy.

Commenting on the MFSA's enforcement work, Chief Officer Enforcement Michelle Mizzi Buontempo said that: "Enforcement is an important tool in ensuring that the MFSA complies with its statutory obligations and delivers on its strategic priorities. The meticulous work that has been carried out over the past two years, on the penalty calculation model and the resulting guidelines issued to the public on how the MFSA calculates administrative penalties, are intended to provide more transparency on how we operate as a regulator. Additionally, the introduction of a settlement policy and the revised administrative sanctions publication policy are some of the improvements that we have made to our internal processes to ensure that any action taken is dissuasive and effective whilst also being fair and proportionate in our decisions."

A full report on the enforcement work carried out in 2023 can be [accessed](#) on the MFSA's 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.

