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## MFSA Publishes Supervisory Priorities for 2026 with Strong Focus on Financial Crime Compliance, Consumer Protection and Cross-Border Supervision

The Malta Financial Services Authority (MFSA) has published its Supervisory Priorities for 2026, outlining the Authority's key focus areas for the coming year. The priorities reflect the MFSA's continued commitment to strengthening market integrity, improving consumer outcomes, and ensuring Malta remains closely aligned with EU regulatory developments. The seven supervisory pillars remain: Resilience of Supervised Entities, Sustainable Finance, Digital Finance, Governance Risk & Compliance, Financial Crime Compliance, Consumer Protection & Education, and Cross-Border Supervision.

### **Financial Crime Compliance as a Central Priority**

In 2026, the MFSA will place significant emphasis on Financial Crime Compliance, reflecting Malta's continued drive to reinforce high standards across AML/CFT, sanctions compliance and proliferation financing controls. Supervisory work will align with the new EU AML legislative package, while strengthening cooperation with national and EU bodies. The MFSA will deepen its review of MLRO effectiveness, governance arrangements, risk assessments, customer screening processes and transaction monitoring systems across all sectors, including Financial Institutions and Crypto-Asset Service Providers. This enhanced focus aims to ensure that supervised entities maintain robust, well-resourced and proportionate financial crime prevention frameworks.

### **Consumer Protection and Market Confidence**

Consumer protection remains a major supervisory priority. In 2026, the MFSA will continue its work on value-for-money assessments, transparent disclosures, the fair treatment of vulnerable consumers, and improvements to the quality and clarity of credit and insurance information. The Authority will also oversee the implementation of Malta's pension auto-enrolment framework and expand its national financial education initiatives to strengthen financial capability across the population.

### **Digital Finance and a Proportionate Approach to AI Oversight**

Digital finance remains an important area of supervisory activity. The MFSA will continue overseeing the transition of VASPs to CASPs under MiCA, monitor readiness for PSD3, and assess ICT and cyber-resilience frameworks in line with DORA.

The Authority will monitor AI adoption proportionately, focusing on governance, internal controls and potential consumer impact-particularly in areas such as creditworthiness assessments, monitoring tools and operational efficiencies.

## **Cross-Border Supervision and EU Alignment**

Cross-border supervision continues to be integral to the MFSA's strategy. In 2026, the Authority will maintain strong engagement with European counterparts, participating in supervisory actions and peer reviews, and enhancing oversight of firms operating across multiple jurisdictions.

Kenneth Farrugia, Chief Executive Officer, said *'Our 2026 priorities reflect the MFSA's commitment to proportionate, risk-based supervision. Strengthening financial crime compliance and consumer protection remains central to our work, while we continue to support innovation and ensure that Malta's financial sector evolves responsibly and sustainably.'*

The MFSA encourages all supervised entities to review the 2026 priorities at board level and assess their preparedness for the year ahead. Through transparent, consistent and forward-looking supervision, the Authority remains committed to fostering a stable, resilient and trustworthy financial services sector.

## **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.