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MFSA Strengthens Enforcement Activity in 2025, Highlighting Reporting Compliance and Client Fund Safeguarding

€570,673 in penalties issued as Authority addresses reporting breaches and governance shortcomings.

The Malta Financial Services Authority (MFSA) has [published](#) an overview of the work undertaken by its Enforcement Function in 2025, highlighting its continued focus on regulatory compliance, market integrity and consumer protection.

During the year, the MFSA imposed 91 enforcement actions and administrative penalties totalling €570,673, while handling 943 potential enforcement cases arising from supervisory work and other sources.

Regulatory Reporting Breaches Remain a Key Enforcement Driver

A significant proportion of enforcement activity in 2025 related to late or non-submission of statutory documentation, resulting in 63 administrative penalties, representing approximately 69% of all enforcement actions. Of these, 25 cases were concluded through settlement.

The MFSA emphasised that timely and accurate regulatory reporting is a core obligation of all Licence Holders, which cannot be delegated. The Authority does not issue reminders for deadlines and extensions are granted only in exceptional circumstances.

Failures to meet reporting requirements, even where considered non-material, may result in administrative penalties, while considering various aggravating and mitigating factors.

Broader Investigations Highlight Unauthorised Activity and Governance Deficiencies

Whilst the majority of enforcement cases related to regulatory reporting breaches, the Enforcement Function conducted investigations into a range of matters, including potential unauthorised business, scams and governance and internal control deficiencies identified through supervisory work.

These cases underline the MFSA's role in addressing risks that may impact consumer protection and the integrity of Malta's financial services sector.

Safeguarding of Client Funds Identified as an Enforcement Priority

The MFSA also identified shortcomings in safeguarding practices among certain financial institutions, including payment and electronic money institutions.

Findings from enforcement investigations included:

- Inadequate segregation of client funds;
- Insufficient or irregular reconciliations; and
- Weak governance and internal control frameworks.

The MFSA reiterated that safeguarding obligations constitute both an authorisation requirement and an ongoing obligation.

In 2025, the Authority cancelled the licence of a financial institution, in part due to breaches of safeguarding requirements. Further investigations in this area remain ongoing.

Proportionate and Transparent Enforcement Framework

The Enforcement Function conducts investigations to establish whether regulatory breaches have occurred and whether enforcement action is warranted. Where appropriate, recommendations are made to the Authority's decision-making body, ensuring that any action taken is fair, proportionate, effective and dissuasive.

Regulatory measures may include administrative penalties, directives, licence suspension or cancellation, and public reprimands.

Licence Holders subject to potential action are provided with the opportunity to submit representations at the 'Minded Action' stage, with settlement options available in line with the MFSA's policies.

Strengthening Compliance and Market Confidence

The MFSA reiterated its expectation that Licence Holders maintain robust governance arrangements, effective internal controls and full compliance with regulatory obligations.

The Authority remains committed to promoting high standards of conduct, deterring non-compliance, and safeguarding the stability and integrity of Malta's financial services sector.

Further details on enforcement actions are 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.