

### Media Release

#### MFSA Annual report 2010

The Malta Financial Services Authority (MFSA) has published the Annual Report for 2010. In his forward statement to the report Authority Chairman, Professor Joe Bannister, remarks that 2010 was a year of steady progress for Malta's financial services industry, with a regular flow of new licences being issued in almost all sectors across the year.

#### **Market Overview**

A number of economies around the world started to recover from the global financial turmoil of 2008 late in 2009 and continued to register improvements during 2010, although the environment still remained very unstable and complex. A few countries, including Malta, were less affected by the crisis and continued to experience the same levels of growth in most economic sectors as registered in previous years.

The Malta Financial Services Authority registered growth in the number of new licences issued in 2010 in all areas of activities. Three new credit institutions and six new insurance companies were licensed. Significant increases were registered in the number of Professional Investor Funds and investment services companies. During the year under review, the Authority also authorised the first occupational retirement schemes under the Special Funds Act.

Total assets in the banking sector grew by 21% to €49.5 billion, which was partly due to new credit institutions which started operating in 2010. The capital requirements ratio of the banking sector increased to 57.06 per cent. The net asset value of locally based Collective Investment Schemes stood at almost €8 billion an increase of 13.5% over the previous year end.

The gross premium written (GPW) in the general business sector increased by 10% to €716 million (end of 2009 figures). In the long term business sector, gross premium written increased by 48% to €327 million (end of 2009 figures).

#### **Supervision and Compliance**

At the start of 2010, the MFSA adopted a new structure for the Supervisory Council in order to strengthen the regulatory and supervisory process.

The MFSA continues to adopt a risk-based approach in the supervision of licensed entities, in line with EU Directives implemented in recent years. Supervisory action taken during the year included a number of sanctions and administrative penalties imposed for infringements of licence conditions.

#### **Legislative and Regulatory Developments**

The Report states that during 2010, the Authority conducted thirty-nine consultations on a variety of legislative initiatives particularly the transposition of EU Directives. Consultation papers were circulated to the financial services industry and were also placed on the Authority's website. The consultation documents were followed up by feedback statements incorporating comments made by the industry and suggested changes to the proposed legislation. Legislation implemented or under development in 2010 was related to, among others, the Capital Adequacy Directive, Payment Services, Electronic Money, UCITS IV, Contractual Funds, Limited Partnerships, Solvency II, Incorporated Cell Companies and the Trusts and Trustees Act.

The MFSA also signed Memoranda of Understanding with the China Securities Regulatory Commission, China Banking Regulatory Commission, the Australian Prudential Regulatory Authority and the multilateral memorandum of understanding on co-operation and information exchange of the International Association of Insurance Supervisors [IAIS]

### **Licensing & Company Registrations**

A total of 165 new authorisations were issued by the MFSA during 2010. New licences were issued in all sectors, namely banking, insurance, pensions, investment services, and trust services. In addition, the Listing Authority approved the admissibility to listing of 29 securities.

Three thousand and sixty-one new companies were registered in the Companies Registry during 2010 (the highest number ever recorded). 69 new commercial partnerships were also registered, bringing the total to 3,130 new registrations and 452 more new registrations than the previous year.

### **Development Overview**

During 2010 the Authority continued to give due importance to the need to enhance skills of employees within the financial services sector. In this regard during 2010, the Authority together with a number of training institutes offered programmes aimed at sustaining the developments taking place in the finance sector.

During the year under review, the financial services sector continued to experience sustained growth. This has resulted in an increased level of demand for qualified persons. This trend is expected to continue since employment opportunities are anticipated to increase further in the coming years.

The Education Consultative Council continued to play an important role in the process of collaboration and information sharing in the areas of career guidance, vocational training, continuous professional development and creation of new training programmes.

### **Malta in the very front rank of world financial centres**

Professor Bannister stated that Malta's stability has not gone unnoticed and in 2010 the World Economic Forum's Global Competiveness Index put the country at No10 for the soundness of its banks and No11 for financial market development. These figures put Malta in the very front rank of world financial centres and greatly add to our global reputation.

As Malta's finance industry has expanded, as the country has remained attractive to blue-chip finance businesses from all over the world and as the obligations placed on regulators have grown. The finance industry continued to expand, new businesses continued to arrive on a regular basis and employment in the sector has once again grown.

In his concluding remarks Professor Bannister stressed *“that while the future continues to look bright, we should be fully conscious of the many threats to global economic stability that currently exist. These include high inflation rates in many important countries, volatile commodity markets, rising food prices and enormous political and economic changes across the globe. In a troubled world it is as always vital that our values of integrity, honesty and service are the values that should endure and help cement Malta's reputation as a world leading financial services jurisdiction”*.

A copy of the Report is available on the MFSA Website [www.mfsa.com.mt](http://www.mfsa.com.mt).

### **Communications Unit**

**Malta Financial Services Authority**

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