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Credit Rating Agency *Standard and Poor's* Has Affirmed Malta's A-/A-2' Ratings with a Positive Outlook

The report states that the positive rating reflects Malta's strong growth performance. Looking at the financial services industry, the agency positively reports that domestic banks are highly liquid and possess a low loan-to-deposit ratio.

Standard and Poor's notes that significant investments in energy and logistics were important contributors to growth in 2014 to 2016, while growth in the exports of services such as tourism, logistics and e-gaming are expected to continue fuel growth in the coming years. In 2019, it expects growth to moderate but to exceed that of peers at similar income levels and stages of development.

The report notes that the implementation of recommendations from spending reviews, the fast pace of growth of new economic sectors, and increases in government revenues have allowed the consolidation of public finances. It further projects that, with recurrent fiscal surpluses, the debt-to-GDP ratio will decline to under 40 per cent in 2021 from a projected 47 per cent in 2018.

Leading Financial Publication '*The Banker*' reviews Malta

Leading financial publication 'The Banker' has published an in depth review of the financial services sector in Malta. Describing the banking sector as 'Traditionally Mature', the Bank delves into the 'rapid expansion of fintech-oriented electronic money issuers and payment service providers'.

The CEO added that 'furthermore, we have seen significant strides in financial innovation, complemented by the European Commission's issuance of its FinTech Action Plan and the European Central Bank's guidance on the licensing of fintech credit institutions. The report notes that earlier this year, Malta's

parliament passed three acts creating what in effect is the first legal framework for block chain and cryptocurrencies, as Malta positions itself as 'Block Chain Island'. The report also notes the efforts of the Maltese Government and the MFSA to ensure that the regulatory framework covers three important principles - Market Stability, Market Integrity and Consumer Protection.

MFSA Not In Breach of Union Law

The European Banking Authority ('EBA') found not in breach of union law by the Malta Financial Services Authority ('MFSA'). As a result, the EBA decided to close the preliminary enquiry into a potential breach of Union Law by the MFSA.

While the MFSA welcomes the recommendations from the EBA to further improve supervision of Malta's financial services industry, it is pleased that its supervisory actions in respect to Pilatus Bank have been recognised, as well as its ongoing commitment to improve its overall supervisory practices especially on anti-money laundering ('AML') supervision.

The MFSA looks forward to future collaboration with the EBA, as well as other supervisory bodies in the EU, to improve AML supervision and ensure a strong AML environment within Malta and across the EU.