

Your Guide to
Financial Services in Malta: FinTech

WHY MALTA FOR FINTECH



FinanceMalta

Effective | Secure | Skilled



ACUMUM
LEGAL & ADVISORY

**PROUD MEMBER OF
FINANCEMALTA**

Why Malta?

- Develop and test your products on our small but incredibly diverse local market.
- Cost effective solutions.
- Join our Regulatory Sandbox and find support in our Innovation Hub.
- Target the EU countries and access the nearby African markets.
- Take your business to new heights.
- Work with regulators who understand the importance of digital disruption.
- Discover valuable partnerships in our connected finance community.
- Stand out in our innovative marketplace.

Malta's Finance Sector in Numbers

2,070+

Authorised entities in 2020

12,200+

Employees in 2020

5.5%

Real GVA growth rate in 2020

24

Credit Institutions

50

Financial Institutions

72

Insurance Companies

54

Retirement Schemes

20

Fund Administrators

518

Investment Funds

78

Notified Alternative Investment Funds

4

Recognised Incorporated Cell Companies

39

Securitisation Vehicles

Source: MFSA. All data as of June 2021 unless indicated otherwise.

Official Name

Republic of Malta

Area

316 km²

Official Languages
English, Maltese

Population

516,100 (2020)

Status

EU Member State

Currency

Euro

Quick Overview: Malta's Financial Services Centre

We counter scale with agility, and an ever-evolving appetite for product innovation. As we embark on the exciting journey of shaping the next generation of financial services, find out what else defines Malta's financial services ecosystem.

Malta may be one of the world's smallest countries, but it is also a vibrant financial hub where fintech start-ups, fund managers, insurance firms, payment providers and family offices work in walking distance from each other. Despite our small size, we made the conscious decision to support a variety of financial activities and specialist segments, including a rich mix of international, regional and local institutions.

Asset management, insurance, banking, private wealth and fintech are the dominant forces of our finance industry. Moreover, **aviation, yachting, maritime services, space finance** and **sustainable finance** are also playing important roles. This diversity helps us to thrive and promotes cross-sector partnerships and cooperation among companies operating from Malta.

Key Strengths

Located at the centre of the Mediterranean, between Europe and North Africa, Malta is an EU member state and deeply integrated in the world of finance. The country has signed up to all the global standards that have become the norm of international finance today. From Malta, financial services companies can access the EU's massive single market of over 500 million people. In addition, Malta has a network of some 70 double-taxation treaties, covering most of the world's high-growth markets, facilitating trade and international business

Moderate operating costs coupled with a well-trained population and a desire to support innovate ideas make us the ideal location for small and medium-sized organisations, regional headquarters, back-office functions and fast-growing fintech firms. As a finance centre, Malta has also become internationally recognised as a thought leader. We championed the introduction of cell company structures, which are today an important element in the captive insurance sector. We still have an active appetite for innovation, which will continue to power our growing financial services sector.

FinTech - Our Sector at a Glance

FinTech is not just London, Singapore, Hong Kong and San Francisco. These global hubs all deliver great financial products and services, but there's plenty happening outside of them. **Explore what Malta has to offer and plug into our FinTech ecosystem.**

Well Diversified Sector

Our FinTech sector is a story of big and small. Some companies need no introductions - besides Malta, they have offices in other fintech hubs. Others are niche players or start-ups, which are equally crucial for the development and growth of our fintech economy. They are either in the process of optimising their business models or are past the seed and development stage, know their product is feasible, and are now working on scaling it up.

Key cluster strengths span from banking and payment providers to platforms for AML/KYC compliance, risk and asset management, as well as insurtech and digital identity management, and beyond. We are now building on that expertise, branching out into other FinTech segments and are looking to attract global partners to apply the solutions developed by firms in Malta. In our small but active finance community, it's easy for technology-driven companies to connect and collaborate to create new disruptive products and business models.

FinTech Sandbox and Innovation Hub

The Malta Financial Services Authority (MFSA), the regulator for all financial services in Malta, has a clear fintech strategy. The authority is committed to establishing the right conditions for FinTech start-ups and scale-ups, tech firms and traditional financial services firms to develop fintech products that have the power and potential to define the next generation of finance. The MFSA has established a FinTech Regulatory Sandbox which provides financial services providers with a controlled environment to test innovative products and services.

The authority is also building up a FinTech Innovation Hub, which will offer firms guidance on regulatory matters while firms can also benefit from shared resources, including operational infrastructure. As FinTech firms go cross-border, the MFSA is also working with its counterparts in other countries, in and outside the EU, to promote growth and foster cooperation.

Support for Disruptive Technologies

FinTech companies can also benefit from Malta's supportive stance for emerging technologies. Malta is one of the few countries in the world with clearly established regulatory frameworks for DLTs, ICOs, and virtual currencies. Malta also established a new regulatory authority – the Malta Digital Innovation Authority (MDIA). The MDIA, the first regulator of its kind in the world, certifies DLT platforms and smart contracts while handling the voluntary registration of technology arrangements.

The MDIA works hand in hand with the MFSA, which has been tasked with the approval and supervision of virtual financial assets exchanges. The ultimate aim of the

regulation is to bring legal order to a market environment that thus far was mostly unregulated in order to ensure consumer protection and market integrity.

AI and IoT technologies are next on the country's agenda. Globally and locally, most FinTechs are already using AI, and the technology is expected to dominate the market by 2025. Malta is currently identifying policy, regulatory and fiscal measures to strengthen its appeal as a hub for foreign investment in AI and IoT technologies.

FinTech Market Opportunities

The small size of our island makes it the ideal test environment for new technologies and ventures in need of a flying start. Companies can develop and test new products and services on the diverse, yet concentrated, local market before exporting their services and solutions to Europe and further afield.

In addition, established companies, seeking more innovative and economical solutions, are ready to partner and collaborate with new players, creating exciting opportunities for companies disrupting segments such as payments, insurance, investment as well as compliance in equal measure. Malta's Government is also a big backer of new technologies, including DLT, AI, and IoT, and wants to infuse these technologies throughout all government services. This will ensure a flow of projects to attract overseas players to Malta and encourage start-ups.

You should also consider Malta if you wish to access the high-growth markets of the region. Malta has long-standing relationships with a number of African governments, and there are tremendous opportunities for companies wishing to enter the fast-growing African FinTech scene while basing themselves in an EU member state.

Our FinTech Support System

Fintech companies have been drawn to Malta because the island provides a wealth of talent, both tech and finance. The local labour pool is deep enough to meet the needs of ICT employers, with the workforce having a range of technical and creative skills. If needed, specialist knowledge can also easily be sourced from overseas due to an incentive programme for foreign workers, who can benefit from a 15% flat rate of personal income tax provided they met certain criteria.

International connectivity is also pivotal to the further development of this sector and is guaranteed by three operators providing international gateway services via fibre-optic cables to mainland Europe. The presence of data centres, security auditors and cyber security experts contributes to a tailor-made environment that is conducive to growing a successful business.

Consultants with technical and/or financial expertise are always on hand, while our lawyers and accountants have a wealth of experience, ensuring that a vibrant and creative cluster of talent and know-how is in place to help companies manage and grow their operations.





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GET IN TOUCH

There are many things to consider when starting or moving your business to Malta, and we are sure you have got questions. We are here to help you. Contact us for a more personalised introduction to opportunities in Malta's Financial Services Centre.

FinanceMalta, AM Business Centre, Level 1, Triq il-Labour, Zejtun ZTN 2401, Malta

Email: info@financemalta.org | Telephone: **+356 2122 4525**

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