



MFSAC: Strategy Impact since launch in March 2023

Malta Financial Services Strategy

Contents

INTRODUCTION	2
INDUSTRY VERTICALS	3
CAPITAL MARKETS	3
ASSET MANAGEMENT	5
INSURANCE & PENSIONS	6
FINTECH	7
TRANSFORMATIONAL INITIATIVES & NEW AREAS	8
CENTRALISED IDENTITY MANAGEMENT	8
NATIONAL PAYMENTS HUB	9
AIRCRAFT LEASING	10
FAMILY OFFICES	11
HORIZONTAL ENABLERS	13
HUMAN RESOURCES & EDUCATION	13
SUSTAINABLE FINANCE	15
TAXATION	16
ARTIFICIAL INTELLIGENCE	16
REGULATORY REPORTING	17
HARMONISED REGULATORY REPORTING FRAMEWORK [HRRF]	17
MARKETING & PROMOTION	19
IN CONCLUSION	19

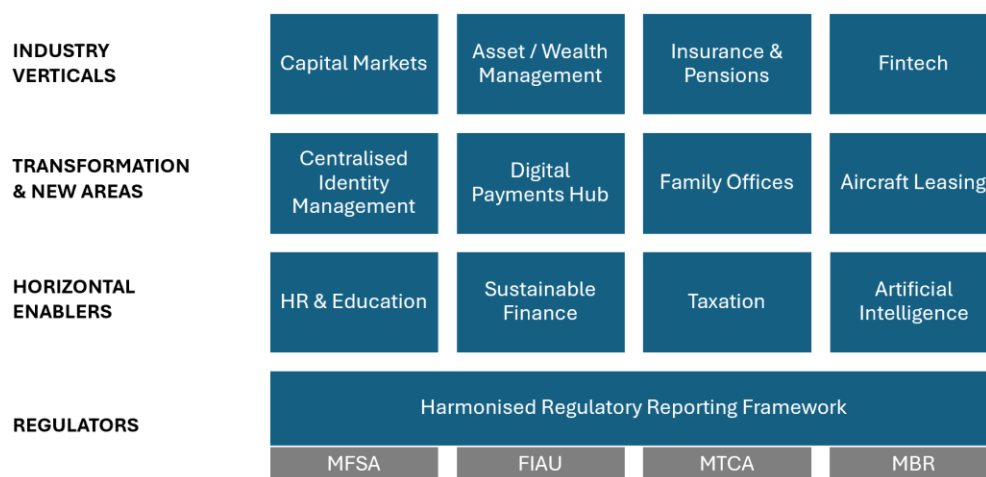
INTRODUCTION

It is my pleasure to provide a high-level overview of the significant progress made in implementing the Malta Financial Services Advisory Council (MFSAC) strategy since its launch in March 2023. This ambitious strategy, crafted through the extensive collaboration of over 120 industry professionals, regulators, and government representatives, is firmly rooted in transforming Malta into a leading, specialized, and competitive financial services jurisdiction. Our foundational principles of **speed, standards, simplification, specialization, and sustainability** continue to guide every initiative, aiming to streamline operations and enhance the ease of doing business in Malta.

As we approach the two-and-a-half-year mark since the strategy's launch in March 2023, the Malta Financial Services Advisory Council's comprehensive plan for the sector is **demonstrating tangible progress**. Originally representing 175 initiatives, once the Masterplan was created these were consolidated, deduplicated and changed, as well as new project added, to make up 76 projects that the MFSAC would implement. Of these 76 projects identified within the strategy, 29 projects have been successfully completed whereas many others are underway to full completely. From a “pure” masterplan perspective, the MFSAC is running overall **66% completion rate across the various workstreams** (excluding those led by regulators). This robust momentum shows that a significant proportion of the ambitious objectives, are well on their way to realization, firmly positioning Malta towards its goal of becoming a specialized, competitive, and agile financial services hub.

Effective implementation is driven by the key workstreams working closely with Malta’s financial services regulators

This ensures that Government, Regulators and the Private Sector are working hand in hand towards common objective



Malta Financial Services Advisory Council - 2025

1

1: Structure of the MFSAC Update

At the core of the strategy are the five vertical areas that the original strategy examined, namely Banking & Payments, Capital Markets, Asset Management, Insurance & Pensions and Fintech & AI. As the projects progressed, Banking and Payments transformed to the Payments Hub initiative and Fintech & AI was split into Fintech, while AI became a horizontal enabling initiative, given its potential for impact across the full industry and beyond.

The projects associated with Wealth and Asset Management in the strategy are essentially complete as is the case for the Insurance related initiatives, while good progress has been made in Capital Markets.

Transformational initiatives vital for modernizing our financial infrastructure are also well into their implementation phase. Notably, the tender for **Centralised Identity Management** has been awarded, paving the way for its deployment, which is expected by Q4 2026. Significant efforts are also advancing towards establishing a **National Digital Payments Hub**, with ongoing discussions aimed at defining the optimal model and identifying a suitable provider. This remains an area of challenge however we are making progress in creating alignment on the right direction and the right solution. Updating of Malta's legislative framework is being actively updated, with the **Companies Act**, as one example of many, having successfully passed its second reading in Parliament.

Malta is strategically cultivating new opportunity areas to foster specialization. In **Aircraft Leasing**, the necessary legislative changes have been drafted by the MFSA, with discussions actively progressing on incentives. The comprehensive offer and marketing materials for **Family Offices** have been finalized, and promotional activities, including international events, are underway to attract this segment.

The original strategy identified four core areas that had horizontal impact across the industry and were critical to influence and impact if the strategy was to be successful. These included Bureaucracy, Human Resources & Education, Taxation, and Sustainable Finance. Since then, and as mentioned above, a stand-alone workstream has been created focused on Artificial Intelligence as a critical enabler for the industry and beyond. In addition, Bureaucracy has been mostly incorporated within the Regulators' and MBR's remit, but remains a topic that the MFSAC continues to follow with interest and intent.

Underpinning these changes and supporting these projects are Malta's financial regulators, without whom this strategy would not have been possible. Each of the regulators and the tax authorities have their own projects and strategies that directly align with and often link to the MFSAC strategy for financial services. This document focuses on one project, anchored in a commitment to regulatory harmonisation, and is evident through ongoing technical analysis for a **Harmonised Regulatory Reporting Framework** across key authorities.

These wide-ranging endeavours collectively underscore the strategic intent to foster an agile, innovative, and sustainably growing financial services sector, ultimately making Malta an even more attractive and competitive jurisdiction for businesses globally. Further detailed updates will be provided for each workstream, highlighting their specific achievements and next steps.

INDUSTRY VERTICALS

CAPITAL MARKETS

Program Leads: Wayne Pisani

Context: The Capital Markets Working Group (CMWG) identified a number of concerns for Malta's capital markets. At the time of the original strategy, the industry perceived regulatory **overreach in the primary market**, extending beyond EU securities regulation, leading to inconsistency in application, perceived arbitrary conditions and delays in approvals. A number of specifics were identified at the time including a **lack of transparency** and **unwritten rules**, which create market uncertainty. The **3-tier approval structure**

coupled with an **under-resourced Capital Markets Supervision** further hindered efficiency. The CMWG advocated for shifting MFSA's investor protection focus towards **investor education** and exploring **innovation in sustainable finance, digital assets, and fiscal incentives** to enhance Malta's competitive edge.

Accomplishments and Program Status: Significant progress has been made in the Capital Markets vertical to enhance Malta's offering:

- **Regulatory Framework Enhancements:** Fundamental changes have been made in refining the regulatory approach, with a move towards focusing the MFSA's role in the primary market to objective Prospectus Regulation disclosures and capital market rules requirements. Investor protection responsibilities are to be primarily directed towards the prudential supervision and enforcement of 'investment firms' acting as intermediaries.

Transparency is being enhanced by actively codifying unwritten rules, a move intended to create more certainty in the market. The bureaucratic 3-tier approval structure for listings is being streamlined to a more efficient two-tier system, involving Executive Committee delegation and additional resource allocation for the Capital Markets Supervision team which will help accelerate application processing.

- **Capital Markets Internationalisation:** The "Capital Markets Internationalisation" initiative has progressed, with the procurement process for a comprehensive study on the potential for internationalisation of Malta's capital markets now complete. The work has been awarded to Simmons and Simmons, who have commenced intensive interviews in the local market. This study is expected to be completed **by Q4 2025**.
- **Sustainable Finance Instruments (Green Bonds):** The Malta Stock Exchange (MSE) introduced the Green Market (MSE GBL) in February 2021, facilitating the listing of Green Bonds in line with International Capital Markets Association (ICMA) Green Bond Principles. The MFSAC's Sustainable Finance strategy includes recommendations to enhance guidelines, establish MFSA review functions for issuer reporting, and introduce incentives for both issuers and buyers of green bonds. These standards are also intended to be extended to the Institutional Securities Market.
- **Real Estate Investment Trusts [REITs]:** Regarding the progress of Real Estate Investment Trusts (REITs), the **MFSAC Tax Working Group has met and agreed on a way forward** for implementing fiscal incentives. The **proposal for REITs is currently being revised** to reflect the working group's position. The Tax Committee has discussed the economic rationale for the proposal and is expected to **reconsider it and make a final decision and recommendation**.

The Benefits: These changes are crucial for establishing Malta as an **attractive and specialized capital markets hub**. They aim to provide **unparalleled clarity, efficiency, and a competitive fiscal environment** for capital market participants. The internationalisation study will be pivotal in identifying global opportunities and market connections. Regulatory and structural reforms are designed to **improve and grow the local capital markets**, which is a necessary prerequisite for broader international promotion and innovation. The emphasis on Green Bonds will not only **attract international ESG investors** but also provide Maltese investment funds with a **competitive edge through enhanced transparency**, contributing to Malta's overall climate targets and sustainable economic transformation. Combined, these initiatives are systematically designed to make it significantly easier and simpler to do business in Malta, ultimately attracting more financial services entities to the island.

ASSET MANAGEMENT

Program Leads: Andre Zerafa

Context: Addressing Challenges in Asset & Wealth Management: The Asset Management Working Group identified critical hurdles, including **persistent reputational issues**, a **lack of recognizable depositories**, protracted **time to market** for fund approvals, a perception of **over-regulation and a lack of proportionality**, and **unnecessarily complex fund structures**. These systemic issues were seen to hinder efficient regulatory engagement. Crucially, there's also an overlap with the **Family Offices** segment, which requires enhanced certainty, clarity, and stability in legal and tax frameworks, alongside effective strategies to attract specialized talent. The imperative identified in the strategy was to streamline processes, reduce duplication, and lower operational costs, thereby significantly improving Malta's "Ease of Doing Business".

Accomplishments and Program Status: Significant progress has been made to address these foundational issues, though not all initiatives are fully accomplished:

- **Limited Partnerships & Tax Transparency:** The legal notice on **limited partnerships is complete and was published in February 2025**. Concurrently, **discussions are underway to introduce the possibility for Maltese funds to opt for tax transparent treatment** under the Income Tax Act.
- **De Minimis AIFM Framework (BM 165):** This framework is **under consideration by the MFSA**, with initial steps to identify necessary changes underway, though a specific timeline is not yet established.
- **REITs Development (Overlap with Capital Markets/Taxation):** The **MFSAC Tax Working Group has met and agreed on a way forward for implementing fiscal incentives for Real Estate Investment Trusts (REITs)**. The proposal is being revised, and the Tax Committee is expected to make a final recommendation as outlined above in the Capital Markets segment.
- **Family Offices Promotion:** The **final proposed positioning and marketing brochure content for Family Offices have been completed** and are being disseminated by FinanceMalta. Multiple international promotional events are scheduled, including in Switzerland (September 2025), Malta (October 2025), London (November 2025), and Rijad (December 2025). Alignment with the MFSA and FIAU has been obtained for the Family Offices framework, with final meetings with the MBR and MBA remaining. Further details are provided in the Family Offices segment below.
- **Funds Strategy Review:** The Council is actively considering whether to **commission an additional study related to Funds and attracting Fund operators to Malta**.
- **Communication of Successes:** A key initiative for Malta is the active management of Malta's reputation and mitigating the negative public media that surrounded the island following the Grey listing – as an example, whereas most relevant media channels picked up the story of Malta's grey listing, practically none picked up that Malta was off the list in record time. As such, promoting the achievements and successes of the MFSAC initiatives is a key objective. This involves communicating these successes discretely but powerfully to the right audiences, ensuring practitioners understand the granular details and full potential of the strategy and its impact.

The Benefits - Impact on the Financial Services Sector: These strategic advancements, once fully implemented, are designed to fundamentally transform Malta's proposition in Asset and Wealth Management. By proactively commissioning a new funds study and addressing

regulatory specifics like NAIFs and the ongoing efforts for Limited Partnerships and De Minimis AIFMs, Malta aims to provide **unparalleled clarity, efficiency, and a truly competitive environment** for market participants. The focus on refining legislative and regulatory frameworks will **significantly streamline due diligence and compliance processes**, thereby reducing administrative burdens and costs, making Malta a more attractive domicile for fund operators, Investment Services Licence Holders, and wealth management firms.

The emphasis on creating specific fiscal incentives, such as for REITs, and the aggressive international promotion of Family Offices, underscores a deliberate strategy of **specialisation**. This coordinated approach will actively address and mitigate past reputational concerns by demonstrating tangible improvements in regulatory responsiveness and operational ease. Coupled with media communication efforts to broadly disseminate these tangible outcomes, these initiatives will enhance Malta's standing in international rankings and systematically cultivate a more vibrant, efficient, and sophisticated financial ecosystem, making it demonstrably **easier and simpler to do business in Malta** for wealth and asset management entities.

INSURANCE & PENSIONS

Program Lead: Matthew Bianchi / Matthew Brincat

Context: Malta's insurance sector stands strong, recognized for its **robust regulation, competitive operating costs, and innovative structures** like Protected and Incorporated Cell Companies, with a number of Fortune 100 companies' captive firms domiciled here.

In stark contrast, Malta's local pension system is significantly underdeveloped, characterized by **low participation rates—approximately 2%** of the eligible population aged 18-60. This poses a critical challenge given the accelerating demographic shift, with the **old-age dependency ratio projected to rise from 27.1% in 2022 to 65.4% by 2070**, indicating a future where many retirees may struggle to maintain their pre-retirement living standards. The MFSAC strategy recognizes the urgent need for a robust second and third pillar pensions industry, requiring both fiscal and regulatory reforms.

Accomplishments and Program Status: The **Insurance workstream is essentially complete**.

This includes leveraging Malta's established reputation for robust regulation and its innovative structures like Protected and Incorporated Cell Companies, which provide cost-effective risk management. A comprehensive package of legislation, bundling together Transfer of Cells, Cell Winding Up and Insolvency, has been enacted into law. Moreover, Insurance Linked Securities [ILS] and Reinsurance Special Purpose Vehicle [RSPV] training is complete for the regulator with pending training for the industry.

The **Pensions workstream** has also made good progress but is not yet completed. A significant development is the Government's publication in June 2025 of a "Proposal for Auto Enrolment - Occupational Pension Scheme" aimed at strengthening the pension system. The MFSAC has provided a **formal and comprehensive response** to this proposal, engaging extensively with the Ministry of Finance, the MFSA, and consulting with Unions, Employers, and Insurance firms. This feedback is now being considered by MFIN for program adjustments. Key components of the auto-enrolment proposal include **mandatory automatic enrolment with opt-out, voluntary employer contributions** (with government matching for public sector), **defined eligibility criteria, minimum employee contributions**, a

single default investment strategy, cost capping and transparency, enhanced portability and transfers, and digital access.

The Benefits: These collective efforts are pivotal for Malta to establish itself as a **credible, specialized, and competitive financial services centre**. The near-completion of the Insurance workstream solidifies Malta's standing as a respected jurisdiction, supporting innovative structures and competitive offerings. By actively engaging with policymakers, the MFSAC is shaping a more **workable and responsive auto-enrolment framework** for pensions, thereby fostering greater participation from providers and employers and encouraging long-term savings. The proposed reforms promise to **significantly strengthen Malta's pension system**, relieving pressure on the State pension and facilitating the **development of Pillar 2 Occupational Pensions and QROPS**, potentially attracting international plans and creating new investable assets locally.

These initiatives contribute to **Malta's strategic objective of modernizing its financial law and regulation**, aligning with the core MFSAC drivers of **Speed, Standards, and Simplification**.

FINTECH

Program Lead: Herman Ciappara

Context: Malta's "Vision 2050" policy identifies Fintech as a pivotal opportunity to transform its financial services sector, leveraging the nation's agile size as a testbed for innovative technologies like AI and Open Finance. The long-term vision is to establish Malta as a hub for trusted data innovation, where citizens and businesses benefit from controlled data, reduced bureaucracy, and local companies excel in developing and exporting data-driven financial solutions. This necessitates proactive integration and full compliance with major EU data laws by 2027, positioning Malta ahead in the EU's data-driven economy. Fintech, enabled by AI, is seen as revolutionizing the services offered within the Open Finance framework, which serves as the foundational 'canvas' for innovation.

Accomplishments and Program Status: Significant advancements are underway. We note a change in leadership for this workstream, now led by **Herman Ciappara**. Completion estimates for this workstream are no longer valid as the strategy being re-evaluated in light of new strategic directions. This is essential in the context of a couple of key developments, including splitting out AI into a separate horizontal workstream as well as new regulatory developments which have a material impact on Malta's potential opportunities in this space.

Initial discussions have commenced with Malta Enterprise to broaden and simplify access to fiscal incentives for regulated Financial Institutions and Fintech startups. Furthermore, active discussions are progressing with Malta Enterprise to launch a **RegTech Accelerator**. A formal proposal is anticipated in Q4 of this year, aiming to establish Malta as a unique global hub for RegTech, providing immediate benefits to industry and regulators.

While in relatively early stages, this team is revisiting the core initiatives as proposed in the original strategy to drive tangible outcomes whilst concurrently looking at long-term opportunities to create competitive advantage for Malta in creating a compelling and competitive ecosystem. This work also dovetails with the work being done as part of the AI workstream.

The Benefits: These initiatives are pivotal in solidifying Malta's standing as a credible, specialized, and competitive financial services centre. The RegTech Accelerator will foster a specialized ecosystem, attract top-tier startups and create immediate commercial opportunities and 'stickiness' in Malta. This concerted effort ensures Malta's financial services sector is agile, innovative, and positioned for sustainable growth.

TRANSFORMATIONAL INITIATIVES & NEW AREAS

CENTRALISED IDENTITY MANAGEMENT

Program Leads: Geraldine Spiteri Lucas

Context: The **Centralised Data Repository** [CDR] is a critical horizontal enabler within the island's overarching Financial Services strategy. A core driver for this transformation is **simplification**, aimed at creating logical, standardised, and technology-enabled business processes for ease of use and seamless workflow. The rationale for the CDR stems from the identified need to significantly enhance the "**Ease of doing business - The Malta User Experience (UX)**". This initiative is crucial to **streamline due diligence processes** for all entities dealing with Malta and to serve as the **backbone of a national data management architecture**, aligning records across competent bodies such as IdentityMalta, the Malta Business Registry (MBR), and the Commissioner for Revenue (CfR). The CDR is envisioned to simplify and reduce duplication in compliance, ultimately lowering costs and improving consistency.

Accomplishments and Program Status: Significant progress has been made in bringing the Centralised Identity Management system to fruition:

- **Tender Award and Contractor Engagement:** The tender for the CDR was formally awarded in **March 2025** to a winning consortium (the "Contractor"), with no appeals submitted, officially commencing the project.
- **Initial System Mapping and Technical Discussions:** An initial meeting between the Contractor and the MBR marked the start of system mapping. Numerous technical and business meetings have since taken place to establish clear lines of communication and define the system's design from both user and technical perspectives.
- **Infrastructure Development:** The MBR's ICT Team is actively collaborating with MITA to set up the necessary IT infrastructure for the CDR, including the request for Application Programming Interfaces (APIs).
- **Workflow Enhancement:** Momentum has accelerated with dual weekly meetings focusing on technical functionalities, ensuring compliance with strict AML/CFT rules. These discussions have already led to the Contractor developing and enhancing various workflows, building upon the MBR's initial designs.
- **Project Inception Report:** The Contractor is on track to deliver a comprehensive Project Inception Report by the **end of August 2025**, which will detail all technical designs and operational methodologies for approval.

- **Development Timeline:** Upon approval of this report, the Contractor's developers will commence building the CDR system. The overall completion and delivery of the entire CDR system remains **on track for November 2026**.

The Benefit - Impact on the Financial Services Sector: The implementation of the CDR is a **critical initiative** that promises profound benefits for Malta's financial services sector. By establishing a single, reliable national data repository, the CDR will provide **unparalleled clarity, efficiency, and a competitive environment** for market participants. This will significantly **streamline due diligence and compliance processes**, reducing the burden and costs associated with reporting to multiple authorities. The system's emphasis on objective, transparent standards and simplified workflows will mitigate inconsistencies and foster greater certainty in regulatory interactions, directly addressing long-standing industry concerns.

Furthermore, the CDR's evolution of the eID solution and its capability to incorporate "digital data wallets" will dovetail with the EU requirement for secure identity wallets, enhancing user control over personal data while supporting robust data ownership rights management. This will not only improve Malta's overall standing in international rankings but also serve as a foundational enabler for further digital innovation, attracting and retaining more financial services entities by making it demonstrably **easier and simpler to do business in Malta**.

NATIONAL PAYMENTS HUB

Program Lead: Fabio Axisa

Context: Malta's financial ecosystem, characterized by significant cross-border activity and a growing demand for rapid digital transactions, currently operates without its own Automated Clearing House (ACH) system. Interbank transfers are routed through the pan-European SEPA infrastructure, often with a T+1 value date. While all Maltese banks are mandated to join SEPA Instant Credit Transfer (SCT Inst) by 2025, which will enable instant transfers between different banks, the broader country objective is to achieve an **all-inclusive instant payment ecosystem** involving all relevant financial players. Data indicates a substantial increase in e-money transactions, growing from 11.4 million in H1 2022 to 43.1 million in H1 2024, reflecting a clear consumer preference for faster and simpler payment methods. This necessitates a robust domestic payment infrastructure that complements EU regulations and enhances Malta's appeal as a jurisdiction for payments and FinTech companies.

Accomplishments and Program Status: The National Digital Payments Hub workstream has achieved a **70% completion rate for its "Alignment" phase**, with the focus on "Obtaining Agreement between Gov, Regulators and Shareholders". Good progress has been made, reaching an agreement in principle on the initiative, although the team recently had to regroup as a previously targeted platform became unavailable.

Our focus has been less on immediate technology selection or build, and more on **cultivating a committed coalition** among stakeholders. This involves **gaining clarity on the optimal way forward**, fostering alignment across government, regulators, and industry, and laying the groundwork for the necessary funding, governance, and operational commitments. While the MFSAC continues to back the establishment of a National Payments Infrastructure and

Hub, the Central Bank of Malta's decision not to support SEPA Instant via MTEUROPAY has prompted a re-evaluation for institutions seeking instant payment solutions. The EU's Instant Payments Regulation, which mandates SCT Inst for credit institutions and modifies the Settlement Finality Directive to enhance non-bank access to payment systems, further underscores the dynamic regulatory landscape that informs our strategic decisions.

The Benefits: These foundational efforts are crucial for solidifying Malta's position as a credible, specialized, and competitive financial services hub. Establishing a National Payments Hub, designed to connect seamlessly with both euro and non-euro external payment systems, will be a **critical infrastructure requirement for attracting and retaining payments and FinTech companies**. This will enable an all-inclusive instant payment ecosystem, offering a unified and branded instant payment experience for customers. Such an infrastructure will empower FinTechs and banks alike to develop innovative, value-added services, fostering greater competition, potentially leading to cost savings for institutions, and ultimately providing consumers with richer, more efficient financial transaction options. By proactively ensuring the necessary alignment and commitments, Malta is expediting the development of a future-ready payment landscape, securing a significant competitive advantage in the evolving global financial services sector.

AIRCRAFT LEASING

Program Leads: Joseph Zammit Tabona / Nicholas Valenzia

Malta is strategically positioning itself as a **leading, competitive jurisdiction for aircraft finance leasing**, targeting a global market valued at approximately **USD 213 billion in 2025**, projected to grow to between **USD 550 billion and USD 592 billion by 2035**. Looking forward, **approximately 18,000 to 20,000 new aircraft, worth around USD 3 trillion, could potentially be leased in the next 20 years**. This USD 3 trillion figure represents the potential total value of *new* aircraft that *could be leased* over that period, not the total market value of all leased aircraft at a specific point in time.

This robust growth, driven by rising air travel demand, expansion of low-cost carriers, and fleet flexibility needs, offers a substantial opportunity. Malta will leverage its **robust aviation ecosystem**, including Maintenance, Repair and Overhaul (MRO), Aircraft Registration, and Flight training, combined with an **efficient fiscal system**.

Accomplishments and Program Status: The MFSAC's accomplishments include a **specialised legislative framework** for aircraft finance leasing, now largely finalized and drafted by the MFSAC. In addition, the MFSAC is concluding an **EU regulatory position assessment** to ensure full alignment with EU law and is finalizing necessary legislative adjustments. A new authorization process requires **MFSAC notification, a fit and proper assessment, a capital requirement of EUR 100,000,000, and AML/CFT subject person status**. The "Enact Aircraft Leasing Legislation and Incentives" project is well in hand, targeting completion by December 2025.

The Benefit: This major initiative is focused on establishing Malta as an attractive and specialized aircraft leasing hub, offering **unparalleled clarity, efficiency, and a competitive fiscal environment**. Key benefits include **absence of Withholding Tax, the possibility of Notional Interest Deduction, exemption from stamp duty, and specific tax incentives for aviation personnel**. Further advantages arise from Malta's UK-modelled Company law, re-

domiciliation options, **lower operating costs**, efficient aircraft importation processes, and **EU Member State status**. This comprehensive offer solidifies Malta's standing as a **credible, specialized, and competitive financial services centre**.

FAMILY OFFICES

Program Lead: Conrad Cassar Torregiani

Through the Asset Management and Family Offices workstreams, the MFSAC has developed a proposition intended to support the objective of establishing Malta as a **centre of excellence for Single Family Offices (SFOs)** in Malta, targeting a global market that is experiencing robust growth. In 2025, there are an estimated **8,030 to 11,000 family offices worldwide**, managing total Assets Under Management (AUM) between **USD 3.1 trillion and USD 4.67 trillion**. This market is projected to exceed **13,000 family offices** by 2035, with AUM expected to surpass **USD 7 trillion**, driven by private wealth accumulation and consistent compound annual growth rates of 7–10%. The EMEA region, which includes Malta, currently holds 52% of global family office assets. The Malta proposition seeks to leverage a **refined regulatory framework**, the existing **favourable tax landscape**, and a **robust supporting ecosystem** to attract this burgeoning sector.

The MFSAC's accomplishments include an **enhanced framework for Family Offices**, with all regulatory changes now completed by the MFSAC and the Malta Financial Services Authority (MFSA). Regulatory alignment has been obtained with the MFSA and the Financial Intelligence Analysis Unit (FIAU) and the program, legislation and regulatory framework are all now in place. The project is essentially **100% complete**, with the only remaining aspects relating to educating, communicating and marketing of the overall framework

This cohesive offer is designed to establish Malta as an **attractive and specialized family office hub**, offering **unparalleled clarity, efficiency, and a competitive fiscal environment**. The key benefits include:

- **Refined Regulatory Framework:**
 - **Notified Professional Investor Funds (Notified PIFs)** are a special type of non-retail collective investment scheme that are exempt from licensing, however requiring a notification process. The MFSA will register a Notified PIF within ten working days from a complete request.
 - For family office vehicles investing private wealth without external capital, a Notified PIF may be self-managed or managed by specific exempt fund managers established in Malta. If managed by an exempt manager, the family must invest a **minimum of EUR 5 million** and have **aggregate net assets of EUR 50 million**.
 - **Private Trust Companies** established to be appointed as a **Trustees of Single Family Offices** which incorporates a Notified PIF within the structure are not required to undertake a formal licensing process but may merely apply for registration, subject to certain criteria.
 - The revised rules also include an **updated definition of "family member" and "family clients"** to encompass former family members, key employees, and non-profit or charitable organizations exclusively funded by family members.

- **Favourable Tax Landscape:**
 - **Tax exemption on all income or gains** derived from investments undertaken by a Notified PIF.
 - **Tax (participation) exemption** on other income or gains derived by the family office from non-portfolio equity holdings.
 - **No taxation on outbound distributions** to beneficiaries who are not resident in Malta.
 - **No wealth, inheritance, or estate taxes.**
 - Employment income arising in Malta is taxed at a maximum rate of 35%, which can be **reduced to 15% for qualifying highly qualified family office employees.**
 - Annual social security contributions for both employer and employee are **capped at EUR 5,250.**
- **Robust Supporting Ecosystem:**
 - Malta's status as an **EU Member State** since 2004 provides access to the EU's single market and leverages corridors into North Africa and the Middle East.
 - A **diverse financial hub** where family offices operate alongside FinTech innovators, fund managers, insurance firms, and payment providers, fostering collaboration. It also includes niche sectors like hospitality, manufacturing, online gambling & betting, aviation, yachting, and maritime services.
- **Residency Programmes:**
 - Individuals may qualify under the **Malta Permanent Residence Programme (MPRP)** or **The Global Residence Programme (GRP)** for long-term global mobility and EU Schengen Area access. The GRP also provides a **flat tax rate of 15% on foreign source income remitted to Malta.**
 - Potential access to the Citizenship by Merit programme which will be assessed once details of the new programme are published.
- **Marketing and Promotion:**
 - The final proposed position and brochure content for Family Offices have been completed with the brochure made available on FinanceMalta's website and distributed in print at Family Office events
 - Planned promotional activities include speaking at a Family Office event in Switzerland in September, planning an MFSAC Family Office event in Malta in October 2025, participation in the Camden Wealth Family Office event in Zurich (September 17/18), a familiarization visit for Family Offices to Malta in mid-October, and participation in Camden Wealth Family Offices events in London (November 12/13) and Rijad (December 3/4). A one-hour webinar to outline changes and an interview in the September issue of the FinanceMalta newsletter are also planned.

This proposition consolidates solidifies Malta's standing as a **credible, specialized, and competitive financial services centre**, particularly for families seeking robust governance and a stable jurisdiction.

HORIZONTAL ENABLERS

HUMAN RESOURCES & EDUCATION

Program Lead: David Delicata / Maria Cauchi Delia

Context: Malta's financial services sector faces significant talent challenges stemming from the islands' unique demographic profile. With a population estimated between **545,405 and 574,250 in mid-2025**, growth is primarily driven by net immigration, as a **declining birth rate of 9.50 per 1,000** and a fertility rate of 1.52 underscore a long-term indigenous labour supply risk.

Consequently, reliance on imported talent is essential, with foreign nationals already comprising **29.4% of residents**, filling crucial skills gaps, particularly in the key 20-49 age bracket. Despite a robust higher education sector offering free degrees student engagement in financial services courses is limited, leading to industry-wide talent shortages.

This is compounded by difficulties in attracting and retaining foreign professionals due to restrictive labour migration policies, inefficient processes for Third Country Nationals (TCNs), and a declining attractiveness index for expatriates. Recognizing these material limiters to growth, the MFSAC strategy prioritizes building talent as a critical horizontal enabler for sector advancement.

Accomplishments: In terms of program status, the Human Resources and Education workstream has achieved **61% completion** to date, with significant headway in addressing talent attraction and retention. Key accomplishments include:

- Active engagement and collaboration with the **National Skills Council (NSC)**, whose role is to develop a National Skills Strategy and also to map skills gaps, sectoral future requirements and action plans to address these needs. The MFSAC is focused on adapting its methodology to the Financial Services sector, aligning our efforts with the broader national skills strategy. More specifically, the focus is on **Research and Data Collection** - the team have extracted and incorporated **OECD questionnaires**, derived from the NSC's EU-funded Technical Support Instrument (TSI) project, into a research package. This package, to be executed by the University of Malta, will provide a base dataset for evidence-based planning and policy development, moving beyond the recognized limitations of existing JobsPlus data.
- Collaborations with **Identità** to influence policy direction regarding TCNs and to build strong data sources for decision and policy making. In particular, the MFSAC, through the Malta Institute of Accountants, conducted a **detailed legislative review of Malta's TCN policies** relative to other EU countries, culminating in specific policy recommendations. Critically, this includes advocating for **simplifying permit processes, offering incentives, addressing the needs to amend existing policies for high skilled employees, providing possible amendments to the current legislation pertaining to long-term residence and improving the overall processes** to enhance Malta's appeal to foreign professionals and, even more importantly, to retain the ones that do choose to work in Malta in the first place.
- In addition, Identità also recognise the need for a strong understanding of the financial industry's use of TCN labour, the requirements and the specific challenges that they face in both recruiting and retaining qualified, high value-added staff. In

that context, the development and planned execution of a **combined research project by the University of Malta** to capture crucial data for planning and policy development is in place which will also incorporate the data requirements identified through collaboration with the NSC above.

- The MFSAC provided the submission of comprehensive feedback to policymakers regarding the proposed **Skills Card framework**, highlighting industry concerns and advocating for simplified permit processes and incentives.
- In terms of **Financial Literacy**, a key achievement has involved **convening all stakeholders into a Financial Literacy Forum**. This has involved, first of all, the identification of all parties involved and, subsequently, **cataloguing over 80 existing financial literacy programs**. These programs all have a strong degree of quality but the programs are all developed independently of all others, are often one off and uncoordinated. As such, there is a strong need for a cohesive learning program. To that end, JA further launched a Centre of Excellence for Financial Education in schools, and this marks a significant step forward. **The MFSA is leading a Technical Support Instrument (TSI) project focused on Financial Literacy**, integrating OECD-derived questionnaires and that will support the overarching strategy and develop additional materials to support Financial Literacy locally.
- Initial discussions with the **University of Malta's International Office** to explore strategies for retaining foreign students within local employment while studying and also once they graduate. This needs to be achieved by addressing the issue of **concurrent work permits and study visas**. The aim is to enable international students to gain local work experience, fostering "stickiness" in Malta.

The Benefits: These accomplishments are pivotal for the financial services sector's long-term success. The initiatives will lead to:

- **Informed, Evidence-Based Policy:** The comprehensive data gathered will provide an unparalleled understanding of Malta's talent pool and requirements, guiding policymakers to develop **more effective, industry-aligned policies** for TCNs and educational institutions. This will facilitate better strategic planning for talent acquisition and retention across the sector.
- **Enhanced Talent Attraction and Retention:** By directly influencing policy to simplify permit processes, offer incentives, and improve infrastructure, Malta aims to become a **more attractive and competitive destination for qualified expert talent**. Enabling international students to work concurrently with their studies and offering pathways to post-graduation employment will create a vital pipeline of skilled professionals for the local market.
- **Streamlined Regulatory Environment:** Advocating against redundant measures like the Skills Card, and pushing for simplified, efficient processes, directly addresses the industry's need for **reduced bureaucracy and clearer regulatory standards**, aligning with the MFSAC's core drivers of Speed, Standards, and Simplification.
- **Alignment with National Strategy:** Integrating the financial services sector's talent needs within the broader National Skills Strategy ensures a **holistic approach to developing future skills** for the digital and net-zero transitions, strengthening Malta's overall economic competitiveness.

This concerted effort to address human capital challenges positions Malta as a more credible, specialized, and competitive financial services centre, capable of attracting and nurturing the talent necessary for sustainable growth.

SUSTAINABLE FINANCE

Program Lead: Gabriella Borda

Context: The global financial landscape is undergoing a profound reorientation, recognizing that climate action and sustainable development represent **the economic growth story of the 21st century**. Despite the US backing away from climate action, financial hubs worldwide, including London, Abu Dhabi, and Singapore, are actively vying to become **leading sustainable-finance centres**, aiming to capture a market projected to reach **double-digit trillions by the 2030s**. This transition necessitates substantial capital investment and innovative financial structures, particularly for decarbonizing 'hard-to-abate' sectors, which alone present a **\$13.5 trillion opportunity** in transition finance.

Malta is strategically seeking to respond to this shift, aiming to position itself as a **credible, specialized hub for sustainable finance**. Our approach is to leverage Malta's EU membership, adaptable regulatory framework, and professional workforce to identify and cultivate distinct niche sectors, thereby strengthening our standing as a specialized financial centre and attracting new investment and cross-border collaborations.

Accomplishments and Program Status: This workstream has recently seen a leadership transition, with **Gabriella Borda** now spearheading this workstream. The objective is to build on the earlier focus, led by Michael Bianchi, which focused primarily on the transposition and preparation for the EU's Corporate Sustainability Reporting Directive (CSRD) legislation. Since the beginning of this year, a dedicated strategic focus has been placed on developing Malta's unique proposition as a target jurisdiction for Sustainable Finance.

The **Sustainability and Sustainable Finance workstream** has moved forward to build MFSAC's commitment to **engage external resources** to commission a comprehensive study. This critical study, essential for providing strategic vision, includes a **gap analysis** benchmarking Malta against international best practices and identifying priority actions. Its terms of reference are defined, aiming to assess Malta's offering across dimensions like regulatory frameworks, market depth, and human capital against leading peer centres. Discussions are progressing to finalize priorities for drafting and consulting on Sustainable Financial Instruments.

The Benefits: These foundational efforts are set to deliver significant benefits for Malta's financial services sector. By developing a clearly articulated and differentiated sustainable finance strategy, Malta will become an attractive destination for firms seeking an agile environment to establish **sustainable and transition finance operations**. This will not only generate new jobs and wealth but also grant Malta an **outsized influence in shaping the future of the global financial system and the fight against climate change**. The insights from the commissioned study, including a roadmap of policy and capability measures, will address systemic gaps and pinpoint innovative financial vehicles and products, enhancing Malta's global competitive edge. Ultimately, this strategic focus will firmly establish Malta as a **credible, specialized, and competitive financial services centre**, poised to capture the immense opportunities arising from the global transition towards a sustainable economy.

TAXATION

Program Lead: Conrad Cassar Torregiani

Context: The MFSAC strategy recognizes that while Malta's tax system historically attracted significant foreign direct investment (FDI), it has recently faced negative attention, particularly following the FATF grey listing, which highlighted issues in administration and enforcement. The overarching rationale for the changes within this workstream is to reposition taxation from being a primary attraction to a **supportive, material component of Malta's overall value proposition**, emphasizing resilience against exploitation and ensuring clear, efficient administration to enhance credibility and simplify the "Ease of doing business".

Accomplishments and Program Status: The Taxation workstream, currently **44% complete**, has made notable progress:

- **Double Taxation Agreements (DTAs):** The MFSAC Tax Working Group has undertaken **advanced work to identify and prioritize DTAs for renegotiation**, making decisions on which to amend and which to retain, with finalisation of this exercise ongoing.
- **Fiscal Incentives for REITs:** A **way forward for implementing fiscal incentives for Real Estate Investment Trusts (REITs) has been agreed upon**, and the proposal is currently being revised to reflect the working group's position. The Tax Committee is expected to reconsider the economic rationale and make a final recommendation.
- **Broader Fiscal Incentives:** Two proposals, including REITs and Special Limited Partnership Funds, are actively under consideration to enhance Malta's attractiveness.

The Benefit - Impact on the Financial Services Sector: These efforts are designed to create a **simplified, transparent, and efficient tax system**, which will reduce compliance costs and foster greater certainty for financial services professionals and entities. By re-evaluating and refining fiscal incentives, such as those for Sustainable Finance, Malta aims to attract specialized investment and strengthen its overall financial offering. This deliberate evolution helps rebuild Malta's reputation and supports its drive to attract quality financial services by making it demonstrably easier and simpler to do business.

ARTIFICIAL INTELLIGENCE

Program Lead: Ian Gauci

Context: Embracing AI for a Competitive Future Artificial Intelligence (AI) has rapidly transitioned into an operational reality within financial services, impacting everything from real-time compliance to credit decisioning. Malta is strategically positioning itself to harness this evolution within a usable, trustworthy, and aligned framework. The confluence of AI, Fintech, and regulatory innovation is profoundly reshaping the sector, enhancing efficiency, security, and customer experiences. While Malta already has a National AI Strategy, the Financial Services Strategy 2023 did not explicitly address AI's swift acceleration. This dedicated AI in Fintech Strategy, a sister document to the 2023 strategy, is crucial to adapting regulations and fostering AI-driven business models. Malta's overarching goal is to

make complex regulation usable, ensure responsible innovation, and emerge as the most implementable and coordinated EU jurisdiction for AI in fintech.

Accomplishments and Program Status: The **AI workstream** within the MFSAC strategy is actively progressing, with the 'AI Governance and Strategy' project now completed with a strategy approved by the Council.

Central to this strategy is the **dual-sandbox model**:

- An **Innovation Playground (Layer One)**, operated by the Malta Digital Innovation Authority (MDIA), for early-stage, low-risk innovation, facilitating synthetic data and HPC access, with initial focus on RegTech.
- A **Regulatory Sandbox (Layer Two)**, jointly governed by the MFSA and MDIA under the EU AI Act, for supervised testing of high-risk AI systems; IDPC ensures data protection and MFSA may offer curated synthetic datasets.

Other key achievements include a **national synthetic data strategy** led by MDIA, providing infrastructure for responsible AI development and a Synthetic Data Registry for traceability. A **tiered licensing pathway** for AI-powered financial service providers, differentiating standalone AI enablers, integrated Fintech solutions, and full financial licensing, has been established.

The Benefits: These initiatives aim to position Malta as a **credible, specialized, and competitive financial services centre** for AI innovation. For financial services professionals, this translates into:

- **Responsible Innovation & Risk Mitigation:** Dual-sandboxes and synthetic data strategies enable secure, supervised AI development, ensuring compliance with EU AI Act obligations and minimizing data risks.
- **Streamlined Market Access:** A clear, tiered licensing pathway simplifies entry for AI-driven Fintechs into the European market, fostering investment and talent attraction.
- **Enhanced Operational Efficiency & Sectoral Growth:** AI-driven regulatory compliance offers real-time fraud detection, automated AML/KYC, cybersecurity risk mitigation, and streamlined reporting, significantly reducing administrative burdens and costs, while also enhancing key financial verticals like banking, payments, and wealth management.
- **Strengthened Global Standing:** By providing a coherent, trustworthy AI governance system, Malta solidifies its international reputation and competitive edge, aligning with its strategic drivers of **Speed, Standards, and Simplification**.

REGULATORY REPORTING

HARMONISED REGULATORY REPORTING FRAMEWORK [HRRF]

Program Lead: Kevin Fitzgerald / Jean Pierre Aquilina

Context: Malta's financial services sector has consistently faced challenges stemming from **bureaucracy and fragmented regulatory reporting**, which have historically hindered the ease of doing business and imposed significant burdens on financial institutions.

External license holders, particularly those operating with multiple licenses, routinely encountered **siload and unaligned requests across different regulatory returns**, creating duplication and a lack of overall clarity in compliance efforts. The strategic imperative for the Harmonised Regulatory Reporting Framework (HRRF) is to directly address these systemic issues, aiming to intelligently structure controls, automate processes, and eliminate duplication across the MFSA, FIAU, MBR, and the Central Bank, ultimately striving for **less costly compliance and improved transparency**.

While this may appear to be simple, the complexity of regulations, European institutions' expectations in terms of both timing and format, as well as intertwined requirements make this a highly complex and challenging task.

Accomplishments and Program Status: The workstream to implement a **Harmonised Regulatory Reporting Framework (HRRF)** is actively progressing, with the MFSA currently undertaking technical analysis across all sectors.

A key learning phase was the **Financial Institutions Pilot initiated in Q1 2025**, which, despite encountering significant initial issues, provided invaluable insights for refining the framework. The pilot highlighted challenges such as **confusion over differing reporting target individuals** (e.g., MFSA targeting Compliance versus FIAU targeting MLRO) and the misdirection of information. Furthermore, attempts to **align reporting dates** (e.g., a proposed shift from April to January) negatively impacted financial institutions, which often require multiple Board approvals for submissions. An initial drawback noted during this phase was the **regression to Excel-based reporting**, requiring firms to fill out data from scratch, a step backward from the pre-population capabilities of the FIAU's CASPAR system.

Despite these early issues, the initiative has already achieved a significant milestone with the **reduction of over 9,000 data points from the MFSA alone**, underscoring a clear commitment to simplifying reporting requirements. Specific efforts to harmonise reporting will now focus on **Company Service Providers (CSPs) and Trusts**, sectors that are recognized as less tech-savvy. For these, a major improvement is underway to **combine returns with the FIAU**, with 2025 data to be collected via Excel (in 2026), transitioning to a utility for machine-readable formats by 2027, and ultimately to JSON.

Looking ahead, the **MFSA is committed to significantly enhancing its data collection processes**. Future plans include providing **templates and facilitating web-forms**, with the ultimate goal of enabling **data pre-population** to minimize the burden on firms and **avoid multiple, redundant requests from the same organizations** that hold various licenses. Collaboration on data sharing with the Central Bank of Malta is ongoing, and while the FIAU previously managed its own data collection, **future specifics will be stipulated by AMLA**. This comprehensive streamlining is being tackled on a sector-by-sector basis, demonstrating a flexible and adaptive approach to continuous refinement.

The Benefits: These strategic advancements in HRRF will be instrumental in firmly establishing Malta as a **credible, specialized, and competitive financial services centre**. For financial services professionals, these changes promise a **substantially reduced administrative burden**, particularly for external license holders managing multi-licenses, by

creating a more cohesive and less fragmented supervisory process. The planned transition towards web-forms, data pre-population, and machine-readable formats will create a significantly **enhanced user experience**, making compliance less costly and more transparent. This proactive modernization of regulatory infrastructure, driven by the strategic objectives of **Speed, Standards, and Simplification**, reinforces Malta's dedication to robust and technology-driven standards, thereby **enhancing its international standing** and fostering an environment conducive to further investment in the financial services sector.

MARKETING & PROMOTION

FinanceMalta is a public-private initiative dedicated to promoting Malta as a leading international hub for financial services. Its key roles include:

Promoting Malta: FinanceMalta actively promotes Malta as a financial services jurisdiction, attracting global operators and enhancing its global presence.

Networking Opportunities: The organization provides a platform for networking and collaboration among industry leaders, regulators, and policymakers, fostering connections that drive business growth.

Support for Businesses: FinanceMalta supports businesses looking to establish or expand in Malta, facilitating knowledge exchange and encouraging industry collaboration.

Advocacy for Innovation: The initiative champions emerging sectors such as fintech and digital assets, advocating for regulatory progress and nurturing a dynamic financial ecosystem.

Job Opportunities: A thriving financial sector in Malta offers numerous job opportunities for professionals in banking, insurance, accounting, and more.

In 2024, it participated in 50 global events and hosted its 17th annual conference with over 700 delegates. The 18th annual conference will take place on the 19-20th November 2025 at the Hilton Malta.

This constant engagement ensures Malta's voice is heard in boardrooms and conferences around the world.

IN CONCLUSION

In conclusion, the journey to transform Malta into a leading, specialized, and competitive financial services jurisdiction, as envisioned by the MFSAC strategy launched in March 2023, is demonstrating **tangible and significant progress**. With **29 projects successfully completed** and a **66% overall completion rate** across various workstreams, we have witnessed substantial advancements. The **Asset Management and Insurance workstreams are essentially complete**, solidifying our offering in these key areas, notably with a **package of legislation bundling Transfer of Cells, Cell Winding Up, and Insolvency now enacted into law**. **Capital Markets has shown good progress**, with its internationalisation study awarded to Simmons and Simmons and **significant regulatory enhancements being implemented, including streamlining the approval structure and codifying unwritten rules to address bureaucracy**. Transformational initiatives such as the **Centralised**

Identity Management system have seen its tender awarded in March 2025 and deployment is on track for Q4 2026, while a robust framework for Family Offices is now fully determined, with all **regulatory changes completed**, marketing materials finalized and promotional events underway internationally. Furthermore, the **Companies Act** has successfully passed its second reading in **Parliament**, as one example of **ongoing legislative adjustments**, and the **Human Resources and Education workstream** has achieved **61% completion** in addressing talent attraction and retention challenges. Notably, **numerous changes within the MFSA, particularly through initiatives like the Harmonised Regulatory Reporting Framework**, are actively working to digitize, speed up the authorisation process, reduce bureaucracy, simplify reporting requirements and make the process more efficient. In terms of Taxation, the Malta Tax and Customs Agency [MTCA] is also implementing an extensive digitization program and driving the use of AI to improve tax administration and, concurrently, drive up tax compliance. Digitization is the key word that is also driving significant change within the Malta Business Registry [MBR] and the Financial Intelligence Analysis Unit [FIAU].

These achievements are a testament to the **steadfast support** of the Malta Financial Services Authority (MFSA), FinanceMalta, and the Ministry for Finance. We extend our profound gratitude to them, and especially to **all practitioners who have actively participated in this extensive exercise**, whose expertise and dedication are making this ambitious strategy a reality.

While we celebrate these accomplishments, it is crucial to recognize that this is a **journey and not the end of the road**. There remains much that needs to be done to fully realize our strategic ambitions. In today's **hyper-competitive global landscape and turbulent geopolitical environment**, we must remain both **vigilant and agile** to continuously grow and mature as a financial centre. We stand firmly committed to the strategy's vision and its foundational drivers of **speed, standards, simplification, specialization, and sustainability**, and will continue to strive relentlessly to achieve them.