

YOUR GUIDE TO
Financial Services in Malta



2024 - 2025

Fintech



FinanceMalta



Why Malta for FinTech

Malta has built strong technology capabilities, has a highly educated workforce and a strong regulatory framework. These qualities are ideal for incubating FinTech ideas that provide fresh solutions to the financial services industry and consumers alike.

Malta offers a fertile and dynamic terrain to develop and test your products on our small but incredibly diverse local market, powered by world class electronic communications infrastructures and international connectivity.

Malta as a fully-fledged European member state is a strategic centre to tap into all the EU, Africa and elsewhere in the world where regulatory equivalence is in play. In Malta, regulators appreciate the importance of understanding the industry players as well as the digital disruption. Regulatory and technology sandboxes as well as an Innovation Hub will make sure that the participants discover valuable partnerships in a connected finance community.

Located at the centre of the Mediterranean, 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 450 million people. In addition, Malta has a network of some 80 double-taxation treaties, covering most of the world's high-growth markets and therefore facilitating trade and international business.

With moderate operating costs coupled with a well-trained workforce, the country has a desire to support innovative ideas that 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 - today an important element in the captive insurance sector - and a regulatory framework for Virtual Financial Assets, blockchain and crypto assets. We still have an active appetite for innovation, which will continue to power our growing financial services sector.



OFFICIAL LANGUAGES

**ENGLISH
& MALTESE**



POPULATION

516,100



STATUS

EU MEMBER STATE

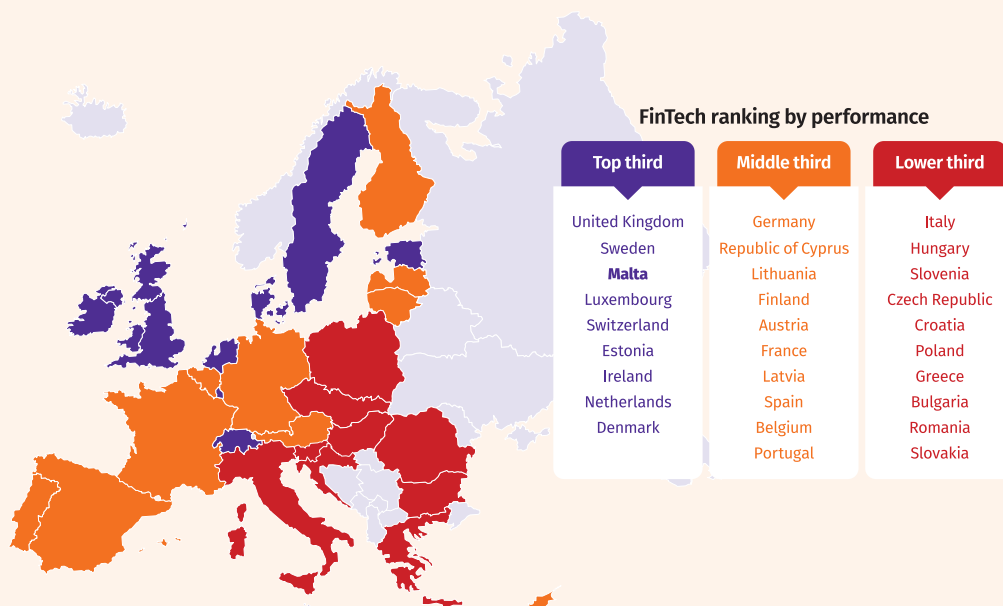






Malta's FinTech sector ranked with top performers by **McKinsey**

Malta's FinTech sector has been ranked among the top performers by global management consulting firm McKinsey & Company.



Comparatively small economies such as Malta are unexpected pockets of strength.

McKinsey

The 2022 report looked at three key aspects of the FinTech sector: founding; funding; and scaling. The analysis showed that FinTech activity is growing in all the European countries, and described the growth in Malta as a pocket of strength.

The report described FinTechs as a force for growth, modernisation, and customer satisfaction in Europe's financial-services sector. It also analysed the potential economic impact if all the European countries were to converge with the countries in the top third. Jobs would increase by a factor of 2.7, while funding would grow by a factor of 2.3.





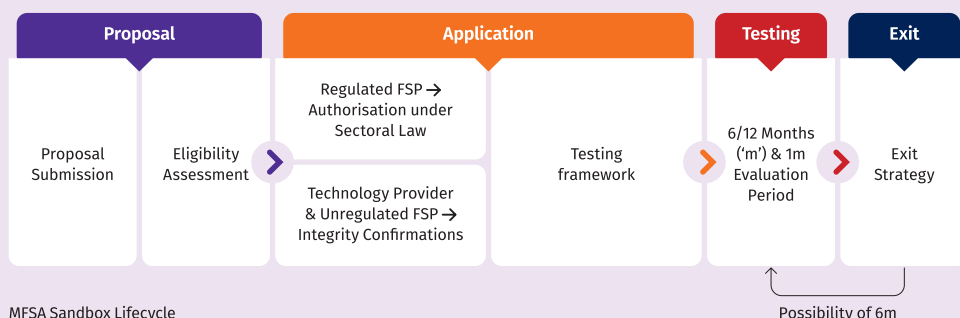
FinTech Sandbox

The Malta Financial Services Authority (MFSA), the regulator for all financial services in Malta, launched the second version of their FinTech sandbox which is aimed to help startups innovate.

FinTech operators may test their innovation for a specified period of time within the financial services sector under certain prescribed conditions. The latest version takes lessons learnt and improves upon what was originally

launched with the aim of increasing take up of the sandbox.

The revised framework introduces a simplified MFSA Sandbox Lifecycle, which is clearer, more efficient, and easier to understand. The sandbox lifecycle is structured into four key stages, namely the Proposal, Application, Testing and Exit Stages.



Innovation Office

The Authority has an Innovation Office that was specifically set up to help start-ups wishing to explore an idea or solution. A dedicated team which is focused on technology-enabled financial innovation, guides applicants through the possible regulatory implications of their ideas or solution and helps them to identify the appropriate opportunities.

The MFSA remains committed to supporting sustainable, technology-enabled financial innovation within the financial services sector. It has set up a regulatory environment that is built on global standards, which is aimed at

ensuring investor protection, market integrity and financial soundness.

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 Authority has also embraced the use of RegTech, SupTech and CompTech to propel the industry as they transition through the data-driven platform economy.





EU leading crypto assets regulatory framework

Malta is at the forefront of Crypto Assets and Blockchain technology. Malta was one of the first countries worldwide to introduce comprehensive regulation for Crypto Assets and Blockchain back in 2018 by means of the VFA Act. A positive and much awaited addition to this is the fact that the European Union is currently harmonising regulation across all member states by introducing MiCA.

Markets in Crypto-Assets (MiCA) is a regulation in EU law. It is intended to help streamline distributed ledger technology (DLT) and virtual asset regulation in the European Union (EU) whilst protecting users and investors. MiCA was approved on 20 April 2023 by the EU Parliament and will become law in 2024. Regulated firms based in Malta and regulated by the Virtual Financial Assets act, will qualify to be MiCA compliant on the first day it is implemented.

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, handles innovative technologies like DLT platforms and smart contracts, and AI, as well as the voluntary registration of technology arrangements.

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. Cybersecurity, cyber-resilience, technology assurance, AI and IoT technologies are now at the heart of the country's agenda, where the aim is to have innovation through a resilient, safe and scalable backbone and a horizontal technological layer.

Globally and locally, most FinTechs are already using innovative technologies like AI and IoT, fuelling an economy where data-driven platforms will be transforming the financial services sector. Maltese stakeholders are all working closely with the regulators to ensure that the island retains its appeal as a hub for foreign investment in innovative technologies. On the horizon are other innovative approaches such as open finance and digital platforms.







Our FinTech Ecosystem

FinTech companies have been drawn to Malta because the island attracts a wealth of talent, both in tech and finance. The diverse labour pool is deep enough to meet the needs of employers, with the workforce having a range of technical and creative skills. Specialist knowledge can also be sourced from overseas easily due to an incentive programme for foreign workers, who can benefit from a 15% flat rate of personal

income tax provided they meet certain criteria.

We are excited about the greater choice and convenience that FinTechs bring to customers, and the competition they have brought to banking has already helped to modernise the financial ecosystem across Europe. Similarly, Malta's homegrown offerings have also acted as a key catalyst for positive change.

Some of the established brands in our FinTech hub

 **Andaria**

 **convera**

 **moneybase**

 **bmit**

FINANCE
Finance Incorporated Limited

 **me direct**

 **cityFALCON**

 **PROMETHEUS**
TECHNOLOGIES

 **cleversoft**

 **finXP**

 **TrustStamp**



 **complyradar**

 **Fyorin**

 **wamo**

 **RS2**

VISA

SHIFT 

 **Lidion Bank**

 **trust**
payments

 **kyrrex**

 **NIUM**

 **Transact Payments**
PAYMENTS MADE SIMPLE



Well Diversified Sector

Our FinTech sector is a story of big and small. Some companies need no introduction - 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 landscape. 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.

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 dynamic finance community, it's easy for technology-driven companies to connect and collaborate to create new disruptive products and business models.

In addition, established companies, seeking more innovative and economical solutions, are ready to partner and collaborate with new players and investors creating exciting

opportunities for companies disrupting segments such as payments, insurance, investments 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.

Malta also enjoys excellent diplomatic relations with many countries, and this results in tremendous opportunities for companies aiming at the fast-growing international FinTech scene while basing themselves in an EU member state.

Malta's experience in developing a global tech-based financial industry and its position as a fast-growing financial centre makes it an attractive base for both investors and entrepreneurs seeking a dynamic ecosystem where to grow future-oriented businesses.





Malta, a financial services hub



Malta Stock Exchange



Malta is a vibrant financial hub where FinTechs, payment providers, investment services firms, fund managers, fund administrators, payment providers and family offices work in proximity.

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.

Malta is home to a variety of financial activities and specialist segments, including a rich mix of international, regional and local institutions. Fintech, Asset Management, Private Wealth,

Capital Markets, Insurance and Banking 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.

Start in Malta - an eye on innovative start-ups

Start in Malta is a governmental initiative aimed at making Malta one of the world's best places for startups, partnering with and uniting the best of startups, incubators, accelerators, private and public sector. Start in Malta works to strengthen the Malta startup ecosystem - uniting and building the community through different events and activities, creating and executing unified marketing and branding strategies, assisting regional development and

science-based decision making.

Start in Malta organises impactful startup events with the community, advocating diversity in age, gender, culture and backgrounds, and works on educating the local investors and attracting foreign investors to Malta, helping available resources and vital know-how to reach startups and the community at large.



52

**FINANCIAL
INSTITUTIONS**



4.3%

**REAL GVA GROWTH IN
FINANCIAL SERVICES IN 2021**



2,070+

**AUTHORISED
ENTITIES**

Company incentives

Malta Enterprise, the Economic Development agency, administers a number of support measures for Tech companies and start-ups. These schemes are tailored for the needs of each company and may consist of cash grants, repayable assistance, tax credits or loans. Assistance is provided for several activities: development of a new business concept, mentoring activities, the development of new products, entering a new market, improving company sustainability and more.

Malta Enterprise Support Services

Malta Enterprise mentors start-ups through their inception, scale-up, and further growth. Start-ups are assigned a relationship manager, who direct their attention to the various support schemes that they qualify for. Malta Enterprise can introduce start-ups to other Government bodies, and can facilitate contact with the finance, and education sectors, as well as Corporate Service Providers, Offices and Industrial space.

Up to €800,000 in tailored support measures and other assistance schemes administered by Malta Enterprise to facilitate the growth of Tech companies.

Malta Credit Ratings

Rating Agency	Ratings	Outlook	Date
Fitch	A+	Stable	Mar 2024
Standard & Poor's	A-	Stable Trend	Sep 2022
DBRS Morningstar	A (high)	Stable Trend	Apr 2024
Moody's	A2	Stable Trend	Nov 2022

Malta's Financial Services Sector today

The last three decades have seen Malta build its financial services offering through a focus on ground-breaking legislation, a regulatory regime that ensures a high degree of consumer protection without stifling innovation, and a service ethic that is second to none. Going forward, the country intends to focus on being an attractive and efficient domicile across multiple verticals in financial services whilst constantly seeking responsible growth in this sector.

As a member of the European Union, companies with financial products authorised in Malta can

passport their offerings to all other EU countries, granting access to the full EU market, maintaining investor confidence in EU compliant regulatory standards while concurrently managing costs.

Overall, Malta's performance on key innovation indicators is excellent with Malta ranking first within the EU for E-Government Services. In addition, Malta is one of the most advanced digital economies within Europe ranking 6th as of 2023.







Our Finance Centre in Numbers



13,900+
EMPLOYEES



11.4%
REAL GVA GROWTH
NATIONALLY IN 2021



22
CREDIT INSTITUTIONS



39
SECURITISATION VEHICLES



71
INSURANCE COMPANIES



39
SECURITISATION VEHICLES



80+

DOUBLE TAXATION
AGREEMENTS



54

RETIREMENT SCHEMES



18

FUND ADMINISTRATORS



600

INVESTMENT FUNDS



97

NOTIFIED ALTERNATIVE
INVESTMENT FUNDS



4

RECOGNISED INCORPORATED
CELL COMPANIES



There are many advantages when starting a business or investing in the Maltese FinTech space. Finance Malta is here to help you. Contact us for a personalised introduction to opportunities in Malta's financial services centre.

GET IN TOUCH

email info@financemalta.org

telephone +356 2122 4525

FinanceMalta
AM Business Centre
Triq Il-Labour, Zejtun ZTN2401
Malta

financemalta.org

Follow us on:



The content in this brochure is for informational purposes only. The information contained therein should not be construed as providing legal, tax, investment, financial, or other advice. Nothing contained in this brochure constitutes a solicitation, recommendation, endorsement, or offer by FinanceMalta.