

# The Malta Business OBSERVER



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## Moneyval: “We’re moving in the right direction,” Minister Scicluna says

Rebecca Anastasi

Malta is working hard to implement all the Moneyval recommendations, the Minister for Finance and Financial Services, Edward Scicluna, underscored, refusing to commit on whether he thought Malta would pass the test, stressing that this was not “an exam to pass, and then to forget about the next day” but a fundamental exercise for the long-term.

“A lot of boxes, representing our tasks, are being crossed off, so we’re moving in the right direction. We just hope it will be enough to convince them [the Financial Action Task Force] that Malta has made the effort,” Prof. Scicluna said, while stressing that change must come from all stakeholders, both public and private.

“We have a National Coordinating Committee based here which is doing all the chasing and monitoring. They’re keeping a tab,” he said. “It’s in Malta’s interest to look after its reputation.” He also stressed that, while Malta did not ask for any extensions, the deadline was pushed by four months as a result of COVID-19.

To meet the deadline, he pointed to a number of changes

being implemented, which, he added, had been a long time coming. To quote an example, he pointed to amendments to the legislation surrounding tax evasion regulating Malta’s punitive measures, saying that, previously, the only recourse was to punish tax evaders through administrative action – that is penalties and fines – rather than court action.

“Moneyval pointed this flaw out to us, although our own consultants – whom we had contracted before the Moneyval report – had already highlighted this weakness. So, one of the changes we’ll be implementing is amending the legislation in such a manner so that we are able to open court cases to punish tax evasion where this is relevant,” the Minister said.

However, Prof. Scicluna reserved his most urgent call to action for the private sector, saying that the general public seemed to think that the authorities were solely responsible for the implementation of the Moneyval recommendations. However, this was not only an issue for entities like the Financial Intelligence Analysis Unit (FIAU) or the Malta Financial Services

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Leading stakeholders in the hotel industry assess business prospects one month after the re-opening of the airport, with some fearing certain hotels may not survive the summer.

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### BUSINESS OPINION

The Head of Financial Stability Surveillance and Research at the Central Bank, Wendy Zammit, explains the economic impact of climate change, and outlines the motivation behind the CBM’s decision to join the Network for Greening the Financial System.

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### INTERVIEW

FIAU Director, Kenneth Farrugia, says the Unit has matured, evolving in response to the challenges faced over recent years, with an increase in staff numbers, budgets and the creation of sophisticated systems to strengthen its remit.

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AVIATION FUEL

# Progress in Moneyval actions, but private sector must also act, FIAU says

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Authority (MFSA), he explained, but for “all sectors of the economy”, with the hardest hit being the private sector.

Specifying, he pointed to the responsibility of audit and legal firms – that are often company intermediaries – to flag up suspicious behaviour and said that “they’re representing companies; they do the due diligence, so the onus is on them. They need to be held accountable.” He admitted that this was a tricky situation for these firms to be in, but he underlined the need to ask relevant questions to clients, and for trade associations to aid in regulating.

“It’s very hard because these are your clients, and you’re professionally bound and information is confidential,” he said, also underlining the risks he saw with non-governmental organisations (NGOs) and the real estate sector, where “you could bury money in a building, for instance”.

Indeed, to mitigate some of these risks, the authorities were in the process of setting up systems which would see company information shared across public entities. “I’m blaming the structure, and there will be a sharing of information and registers. The Commissioner for Tax, for instance, is going to have a central depository of all the information and accounts in Malta, and the FIAU will have access to it,” he said, adding that

“these are things which hadn’t come onto our radar before, but now we realise that the bar has been raised. Everyone has to up their game.”

These sentiments were echoed by FIAU Director, Kenneth Farrugia, who pointed to IO4 (Immediate Outcomes 4) under the Moneyval recommendations which dealt specifically with the private sector, explaining that the latter had a crucial role in protecting Malta’s reputation, and noting that Moneyval had, indeed, met with approximately 40 private sector operators during its visit in 2018.

“Malta depends on our gatekeepers, which include banks, trustees, fiduciaries, financial institutions – these all have a very important role to play in, first of all, ensuring they are fully aware of the risks they are exposed to and also in ensuring they are adopting the adequate measures to mitigate the risks,” he said. “The authorities are not gods, not omnipresent, so private sector operators need to be careful of the type of clients they are onboarding.”

Asked what precisely were the FIAU’s biggest points of concern when it came to the private sector, Mr Farrugia said it was “difficult to generalise” but specified that, while banks have “a very good understanding of their risks and obligations,” the non-financial sector – such as the real estate industry and company service providers – had less grasp.

“As is very typical across the world, in the non-financial sector, there is a bit less understanding, so we tend to see different types of weaknesses, including the lack of having good business and customer risk assessments, and effective transaction monitoring,” Mr Farrugia explained.

Yet, the FIAU – as part of their remit – have launched several initiatives to increase the level of compliance in this regard, and to help private operators navigate the systems, with Mr Farrugia saying that the Unit also has a team focused on guidance and outreach. “The aim is to try and help Subject Persons as much as possible, to try and help them understand what they need to do in practice. We want them to understand that compliance is not just a cost but a means to protect their business,” he explained.

Furthermore, the Unit is focusing considerable energy on ensuring the Moneyval recommendations directed towards the FIAU are implemented effectively. “From the FIAU’s end, we’re quite confident that the Unit is ready to meet its recommendations, since the actions which need to be carried out by the Unit are proceeding quite well. There’s still some work to be done but we’ve implemented massive changes and we’re on track,” the Unit’s Director asserted.

Indeed, grey listing, in his view, was not inevitable. “There’s a process, and a system. A number

**“The authorities are not gods, not omnipresent, so private sector operators need to be careful of the type of clients they are onboarding.”**  
– Kenneth Farrugia, FIAU Director

of countries have managed to use their one-year period successfully. Latvia is a good and recent example. I don’t think it’s fair to say it (grey listing) is inevitable, but what’s true is that there is a lot of work to be done, and it is quite challenging, for the FATF is going to be looking at the whole country. But we can say there’s a strong push, so things are not being taken lightly. The authorities are very well aware of the seriousness [of the situation] and are working hard to improve it,” he continued.

In the meantime, Christopher P. Buttigieg, Chief Officer Supervision at the Malta Financial Services Authority (MFSA), would also not be drawn into commenting on whether the grey listing will actually occur or not, saying it would not be prudent for the Regulator to speculate. However, he was also quick to note, that there is a high degree of traction taking place by all the relevant institutions, including the Government, to address all the Moneyval recommendations in time for the assessment.

The financial services watchdog, he went on, is actively implementing all the recommendations. “The MFSA is on track to fulfil its requirements for the Moneyval assessment later this year. A detailed action plan based on the Moneyval recommendations was drawn up and is being monitored on an ongoing basis in collaboration with the National Coordinating Committee within the Ministry for Finance and Financial Services,” he asserted.

Indeed, “a positive Moneyval assessment for Malta is critical to ensure we remain a trusted international financial centre, maintain our competitiveness and continue sustaining the growth of the sector over the long term,” Dr Buttigieg said.

He added that what was taking place is part of the MFSA’s wider strategy to continue its journey of raising compliance standards and increasing enforcement effectiveness to ensure that Malta’s reputation as a jurisdiction of choice for serious operators in financial services is reinforced.

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# Fears some hotels may not survive the summer

**Ray Bugeja**

There are fears within the leisure and hospitality industry that some hotels will not survive this summer while the prospects for winter are still very bleak, leading stakeholders have told *The Malta Business Observer*, explaining that the situation is not being helped by flight cancellations and the sharp drop in the

number of large-scale events being organised.

Raphael Aloisio, Leader Financial Advisory at Deloitte, who conducts the quarterly surveys for the MHRA, predicts there will be casualties in all categories in the last quarter of this year and the first three months of 2021. "Some will throw in the towel and we can only hope they will be the minority. Support is critical, not just to cover costs



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## NEWS

but also to stimulate demand," he asserted.

He noted that, considering Malta has handled up to 2.7 million tourists in 2019 and now it might, at best, welcome 700,000 or, perhaps, one million, that would mean a drop of 60 per cent. This is "a catastrophic impact scenario," he underlined.

Using health terminology, Mr Aloisio said that, post-March, the hospitality sector was diagnosed to be in a very, very serious condition, with the "doctor saying it is not necessarily terminal but that it will require a lot of rehabilitation. Indeed, some operators in the sector had said they might never walk again".

Today, Mr Aloisio continued, recovery has started, though there is still no guarantee all will recover, or to what extent. "It will be a very difficult and long recovery period, extending until 2023, before the industry returns to 2019 levels," he added.

He insisted that, looking ahead, one should look at the trends: rather than gauging the differences between now and 2019, one should see how better off they now are than in March 2020. "Confidence breeds more confidence. It has a snowball effect," a hopeful Mr Aloisio argued.

In the meantime, a spokesperson for Corinthia Hotels acknowledged that these are unprecedented times, with historic drops in demand. He noted that this was not just happening in Malta, although he asserted that some areas in Europe are doing relatively well, and, hence, so are some of Corinthia's hotels - mainly resorts easily accessed by means of private transport. On the other hand, major, crowded cities, and islands, such as Malta which are entirely de-

***"Forecasting demand has become challenging, and the trend towards last minute decisions on travel is now a reality that is here to stay."*** –  
**Corinthia Hotels spokesperson.**

pendent on air travel, are experiencing fewer numbers, he added.

"Uncertainties arising from fluid airline schedules, last minute flight cancellations, and potential second wave lockdowns are all factors driving decisions on travel to the latest possible dates, both leisure and corporate," the spokesperson said.

Moreover, he added, that while Corinthia hotels, across Europe, have some occupancies for the months of July and August, "beyond that, we have no visibility." Forecasting demand has become challenging, and the trend towards last minute decisions on travel is now a reality that is here to stay."

Despite these challenges, the spokesperson confirmed that four of the five hotels Corinthia has in Malta will be open by August and the fifth, the Marina, will be operated as an annex to the adjoining St George's and



Bay Point Hotels, as and when needed, through to the coming winter season, he explained.

"It is not just that nobody really knows when normality will return, but it is also impossible to say what normality will look like," the spokesperson added. Good news on the vaccine front will help and accelerate recovery, he added. However, by all accounts, international industry players and experts agree that returning to the numbers achieved in 2019 globally will take several years, he noted.

Focusing his attention once again to the local scenario, he said that Malta can do better than other countries since it has the advantage of being nimble in its marketing and because it has an excellent track record on the medical front. In his opinion, this will be critical in attracting not only the leisure and business traveller but also large-scale events such as conferences, fairs and the like - events which have

always been important to the island's five-star hotel market.

Airlines too will be fundamental to any recovery and Corinthia understands that a lot of efforts are being made to ensure as many routes and seat capacities are restarted, the spokesperson said.

Speaking on behalf of Hilton Malta, Commercial Director, Julian Diacono, echoed many of these sentiments and said that summer business is "obviously" moving at a pace that cannot be compared to any normal year. Elaborating, he said that business is mainly being sustained by tourists in Malta for a short holiday, rather than business travellers, for instance. Furthermore, he also confirmed that, due to the prevailing situation, most guests are making their bookings at the "very, very last minute".

In sharp contrast, the Maltese domestic market was "way up" compared with previous years, he noted, expressing satisfaction

at the response to the hotel's offers from locals.

And, one month after the reopening of Malta International Airport, after long weeks of travel restrictions, occupancy in July, was picking up. "It is expected to improve in August but September is still too far away to know," Mr Diacono added, stressing that, nonetheless, occupancy levels are far below the norm, and room rates had to be cut drastically in a bid to attract business.

In this regard, he noted that, although air services have resumed, the number of flights being operated was much lower than before the pandemic hit. In addition, the flight schedule seems to be "erratic" as some flights were being cancelled because not enough seats were being filled. The hotel executive explained that this resulted in guests calling to cancel

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# Flight cancellations exacerbating the situation

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their reservations within days of confirmation.

"These are extremely challenging times because the cake is much, much smaller even if some hotels remain closed. Thanks to the stimulus of the summer bookings, we will have some business in summer but the prospects for winter are very, very bleak," Mr Diacono said.

The conference business market, which keeps hotels, venues, destination management companies, restaurants, transportation, and guides, among others, going in the winter months has been almost totally wiped out, he added. Unless there is unprecedented support by the Malta Tourism Authority and the Government to promote and incentivise this kind of business, many players in the industry risk not surviving the coming winter, Mr Diacono asserted.

Indeed, he said that, looking at the forward booking position for winter is "scary" with no group bookings in sight prior to the second quarter of 2021.

Mr Diacono noted that, in an effort to address the situation, talks are in progress between the tourism authorities and all stakeholders to see what initiatives can be taken to attract some traffic to the islands during the coming winter months.

Much the same was reported by AX Hotels Malta Group Hospitality Director, Claire Zammit Xuereb, who said that although business "is starting to trickle in", international business is a far cry from what the situation would usually be at this time of the year, although the response from the local market is satisfactory.

To illustrate her point, she said AX Hotels' occupancy would be running at 90 per cent and even higher in the peak of summer but now fluctuates between 20 and 30 per cent, and not in all properties either. According to her, the lower budget hotels are moving faster, adding that their hotel in Qawra is "doing great, relatively", with Sliema coming second and Valletta third. "Hotels in Valletta are close to dead with very, very low occupancy," Ms Zammit Xuereb said.

Internal tourism, she remarked, made a huge difference but it is not enough for hotels to survive. "It helps in terms of cashflow but that is it," she said. The hotel director explained that the increase in costs incurred by hotels and the offers that all of them are making mean that the margins are extremely slim.

Ms Zammit Xuereb continued that such is the situation that hotels

are forced to change strategy all the time because every day is a new day. She echoed the other stakeholders in affirming that the cancellation of flights is contributing to making the market very volatile.

"You never know where you stand because today you have X amount of bookings and tomorrow you will lose them. You cannot make any forecasts, which makes our life hell. It is very difficult to manage in terms of human resources because you have to make changes at the very last minute since the situation changes drastically within two or three days," she added.

Ms Zammit Xuereb said the situation vis-a-vis traditional markets has changed already and AX Hotels have experienced an increase

in new markets. What will happen in the future, she noted, depends very much on the national strategy Malta will adopt to reposition itself on the global map.

She said she believes it is time to lay stress on quality, adding Malta can and has the potential to attract such a market also because of its size and heritage. Given the country's infrastructure and capacity, it would make sense "to make a mark-up on every incoming visitor", Ms Zammit Xuereb explained, stressing she was not saying mass tourism should be abandoned but that stress should be laid on a new segment that is of a higher quality and exclusive.

She is very categoric when she speaks of what lies ahead. "Hotels will survive this summer only if the subsidies remain, otherwise a

***"Hotels in Valletta are close to dead with very, very low occupancy." - Claire Zammit Xuereb, AX Hotels***

lot of businesses will collapse. It is also going to be a very ugly winter and subsidies must remain until March next year for sure. Some sort of subsidy is a must," the Director asserted.

In her view, when normality returns depends very much on a vaccine being developed, though she thinks this will not be happening any time soon. However, she predicts that, come April 2021, there will be some sort of normality. "All things being equal, luck being on Malta's side and if all

keep working hard, it would be possible to regain lost ground and start going back to 2019 levels the year after", she said.

If this comes to pass, Ms Zammit Xuereb thinks that Malta will be in a position "to normalise completely" in the third year, even experiencing "a big boom" between the third and fourth year, provided efforts being made continue, and provided that Malta retains its position in the tourism industry, perhaps even improving it.

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## Sparkasse Bank Malta plc - response to recent articles that appeared in the local press

In recent days there have been a number of media articles trying to link the name of Sparkasse Bank Malta plc to an international money laundering scheme that the Bank refutes and for which it wishes to respond.

The articles have re-emerged as a result of a recent administrative penalty issued against the Bank that relates to an onsite visit conducted by the FIAU in 2017 / 2018. The penalties are of an administrative nature and relate to shortcomings found in its risk assessment and transaction monitoring processes on a selection of files some of which also related to relationships the Bank had already terminated. The report is available on-line from the FIAU's web-site.

The Bank and the FIAU have discussed these findings and while these refer to shortcomings prior to 2017 / 2018, the FIAU have also acknowledged and recognised the Bank's enhanced measures to combat ML/FT as implemented by the Bank to date and have acknowledged the Bank's efforts in strengthening its systems and processes to combat developments in ML/FT. The Bank reconfirms its commitment to taking all the measures necessary and to allocating all the resources needed to combating financial crime and that the measures implemented so far meet all the applicable international and EU standards.

With regards to the allegations and attempt in the media to link the FIAU's report to the criminal complaint lodged in the United States in relation to the PDVSA scandal (the Venezuelan state-owned oil company), the Bank distances itself from these allegations as it had/ has no relationship with the defendants nor the transactions made to the parties mentioned in the complaint.

The Bank takes its legal obligations very seriously and is committed to prevent it from being used for money laundering purposes in an effort to guarantee a robust and secure banking service to all its customers and to support the integrity of the Banking Sector at large. The Bank remains focused on its cause, culture and approach to combating ML/FT and re-confirms that it has no tolerance nor appetite for weakness in matters related to AML.

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# Private sector practitioners hopeful Malta will pass Moneyval test

Ray Bugeja

Leading practitioners within the financial services industry appear to be hopeful that Malta will not end up on the Financial Action Task Force's (FATF) grey list, but some, however, have called for more communication from the authorities so that everyone would know what needs to be done in the run-up to Malta's deadlines, and beyond, should the island fail the test.

Wayne Pisani, President of Malta's Institute of Financial Services Practitioners (IFSP) said that, "assessing the situation from a desk research perspective", the risk of Malta being grey listed "obviously" exists, though he admitted that predicting whether it will happen or not would "be pure conjecture".

He acknowledged that progress was registered on numerous fronts, in terms of the adoption of the 58 Moneyval recommendations, and, now, good progress had to also be made in time on the remaining aspects. "The country should focus all its efforts to pass the test, but it should also learn from this experience and ensure that all aspects are effectively addressed," he said.

He also insisted that, while the institutions have to do their part, service providers and practitioners must proactively engage in



upholding Malta's reputation. However, to this end, he underlined the need for effective coordination between the key public and private stakeholders to avoid the risk of over-doing regulation.

Moreover, he reiterated that, given the complexity of countering money laundering and the financing of terrorism, the exchange of information among practitioners and between public and private parties is crucial. Moreover, better cooperation between regulators and the indus-

try - possibly in the form of PPPs, aligning all initiatives in the national interest - may, therefore, be necessary.

If the country were to be grey listed, in the short term, there could be a risk of an immediate halt on, or material reduction in, foreign direct investment amidst concern on the operational continuity of existing business, he continued.

In the medium term, businesses, especially those with the flexibility to easily shift opera-

tions elsewhere, are likely to consider alternative and more reputable jurisdictions from where to conduct their businesses, and, in the long term, although at a huge toll, the country could be forced to be more nimble in implementing the UN and EU sustainable development goals in its economic vision, Dr Pisani explained.

If Malta were to be included in the grey list, it should also focus on accelerating the action necessary to implement the remaining

Moneyval recommendations and reverse the grey listed status in the shortest time possible, he was quick to add.

The need for a clear communication strategy that roped in the whole "chain", was stressed by the President of the Institute of Accountants, Fabio Axisa. He insisted all stakeholders needed to know what is going on both at a technical, but also at a political level. "There is the need to ensure all stakeholders are involved but communication is inadequate," Mr Axisa remarked, adding it is not too late to do what still needs to be done.

And, while he is hopeful Malta is not grey listed, he admitted that the island is treading on thin ice in certain areas. Indeed, there is a medium to long-term battle, whatever happens, he argued, adding that the chain of influence - those who have an impact on the outcome - included legal stakeholders as well as business operators have to work together. Elaborating, it was his view that the country is in the present situation because there were elements that were not working.

Of course, were Malta to end up on the grey list, Mr Axisa stressed, the impact on both the country and the financial services sector would be "very, very significant" but, if that had to happen, there is action that must be taken to remedy the situation, Mr Axisa said.

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Echoing some of these thoughts, Raphael Aloisio, Leader Financial Advisory at Deloitte, said there are strong indications there will be some form of give-and-take in the final outcome, adding that, nevertheless, he thought Malta will pass the test. "I think we will go through," he said.

In his opinion, the likelihood is that while Malta will pass the test it will be placed under probation, which would mean it would have to be very careful. "There will be conditions and they will be breathing down our necks," Mr Aloisio asserted.

And, while if the worst should come to pass, and Malta is eventually grey listed, many big companies will shun the country, but he noted that, in the future, Malta might realise this was a godsend as it served to raise the bar. It is, however, crucial that the country does not return to its old ways, he insisted.

"All must now pull at the same rope, from the top, the middle and the bottom. Everybody must now walk the talk," he insisted. Indeed, Malta, Mr Aloisio

said, must have a very clear strategy of where it wants to go, and, ideally, it should ensure it moves in the same direction as the rest of the world.

In the legal sphere, Louis de Gabriele, President of the Malta Chamber of Advocates, acknowledged that being grey listed by the FATF in October would be a disaster, especially as Malta is still exiting from the COVID-19 outbreak. It would become increasingly difficult to attract international clients, if at all, and those already here might be tempted to consider leaving, he explained.

Scraping through is not enough, and, were this an exam, Malta should aim for a minimum of an 80 to 85 pass mark, Dr de Gabriele remarked, saying he is convinced Malta will pass the test but "we must prove we mean what we say." In his opinion, both the commitment and the resources are there and warned that the country must be careful not to go from one pole to another. Over-regulation could lead to problems too, the lawyer cautioned.

At this stage, he added, it now depended on convincing the polit-

ical class that Malta deserves to pass the test. "Reputation is so important. It is so difficult to build but easy to lose," Dr de Gabriele said. "We are now in the final stretch. At this stage it is no longer a technical issue but, rather, a political one," Dr de Gabriele said.

In the banking sector, Marcel Cassar, CEO of APS Bank plc and outgoing President of the Malta Institute of Bankers, pointed out that Moneyval's report on Malta contains some serious findings in priority areas that make grey listing a possibility and rated the probability of the island actually being placed on the list as moderate to low.

The effects of grey listing, the top bank executive warned, would be far-reaching on investment and business activity in general, with certain sectors accentuating and multiplying the impact further on the system.

"Everyone - policymakers, regulators, business and professional practitioners - must adhere to a culture of high ethical standards, of probity and of taking timely action. I think the present situation could have

***"The country should focus all its efforts to pass the test, but it should also learn from this experience." - Wayne Pisani, President, Malta's Institute of Financial Services Practitioners***

been avoided had the authorities listened more and taken earlier action," Mr Cassar asserted.

He noted that, although a lot has been happening over the past 12 to 18 months, more needs to be done in the areas of investigation, prosecution, confiscation and conviction.

In the meantime, George Vital Zammit, Senior Lecturer at the University of Malta's Department of Public Policy, continues to hope the FATF will take stock of the measures taken and give Malta a clean sheet, albeit with several recommendations for further improvement. What worries him is that Malta is again faced with a situation where it is being

forced to implement changes due to its international obligation.

In his view, there are several reasons, mainly structural and political, why Malta has reached this stage and insists that political responsibility must be shouldered.

If grey listed, Malta would need to restart, rebuild and renew, he declared. "We need a stronger regulatory sector that is truly autonomous from the Government...We need a political class that is not ingratiated by lobbies and interest groups...We need autonomous institutions such as the police, the judiciary, that can regain the trust of people as truly independent," Dr Vital Zammit concluded.



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BUSINESS

## EDITORIAL

# A cautious, sober approach

Looking long-term has never been one of Malta's strong points. Strategies, action plans and departmental visions often get compiled, and then put on the backburner, until circumstances force a re-assessment of the *modus operandi*, and force us to go back to the drawing board. That is, at least, what it has felt like over the years, as the island has tried to forge its way, economically and culturally, as an independent state, and, later, as a member of the European Union.

But, that very membership, and the dire events of the past few years, may, yet, prove to have been instrumental in ensuring the island matures in its institutions, and attitudes, with accountability for our actions being the cornerstone of change. At least, that's the hope. And, one of many litmus tests will be the effective implementation of the Moneyval recommendations, in time for Malta's deadline – which had been extended by four months to give the island some flexibility in the wake of the disruption caused by COVID-19.

Yet, as corroborated by the Minister for Finance and Financial Services, Edward Scicluna, Malta's ability to pass or fail the test should not be the sole focus either. Rather, there needs to be a view for the long-term, with the Minister specifying that Moneyval was not "an exam to pass, and then to forget about the next day", but an opportunity to rebuild our structures to make them watertight. This would allow for little opportunity for non-compliance, and would ensure there is appropri-

ate recourse should there be breaches (as there is always bound to be).

And, the Minister – whose sentiments were echoed by both the FIAU Director, Kenneth Farrugia, and the MFSA Chief Officer Supervision, Christopher P. Buttigieg – is confident that good progress is being made, with regards to the application of Moneyval's Immediate Outcomes. Moreover, this, they say, will form the foundation for further productive change down the line. Indeed, Mr Farrugia emphasised the sober approach being taken by the authorities, saying that "there's a strong push, so things are not being taken lightly." Fortunately, this message seems to have trickled to the private sector, with some of the island's leading stakeholders expressing cautious optimism that Malta might not get grey listed after all, though there are concerns more communication with the authorities is needed.

However, this sense of (tentative) hope cannot be said to permeate the outlook on the island when it comes to COVID-19. In our feature on the hotel sector on pages 4, 5 and 6, industry insiders paint a bleak picture of truncated numbers, cancelled bookings and an uncertain future. But, there's bound to be even more upheaval for hoteliers – and beyond – if Malta does not shift gear and adopt a more cautious approach to opening up the economy. For, mid-July's Hotel Takeover party, which proved to be fertile ground for a virus flare-up, has left many questioning

whether the months of sacrifices made by employers and employees have been for nothing – sentiments also expressed by the Malta Employers' Association.

Whether we go back to square one or not – both in terms of patient numbers and in terms of business disruption – will depend on just how we manage this stage of the pandemic. An unmitigated opening up, with no controls (or few) at the airport, and allowing the organisation of mass parties or crowded concerts – where it is nigh impossible to control social distancing due to the sheer numbers and the use of alcohol – cannot be Malta's strategy. Not unless we want to risk more damage to the economy, and more unpredictability. After all, before mass events, such as parties and village feasts, started to take place, the opening up of the economy was progressing at a steady pace, with numbers still in control.

So, here too, a long-term strategy is needed – at least, until we get a vaccine (though we must also be cautious about pinning our hopes on a magical silver bullet). Failure to do so will bring the whole edifice crumbling down. To this end, and at the very least, those parties targeting tourists – such as those outlined by the BBC and local media this week – must be cancelled for this year. Otherwise, while some selected operators might have won some business, it will be a pyrrhic victory, for too many businesses would have been sacrificed at the altar of a few short-term gains.

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## BUSINESS OPINION

## Analysing climate risks from an economic perspective



Wendy Zammit

One of the many things that the fight against COVID-19 has taught us is the importance of having consistent data. Researchers and policy-makers have been throwing their hands up in frustration as they try to compare their statistics with those of other countries, regions and even cities where the cause of death is ticked as COVID-19 even if a patient has died of a long-standing cancer, or – for example – where patients who die at home are not tested.

Proper data collection, methodology and modelling matter, whether you are looking at the past, assessing the present or forecasting the future, and this is as

true for health authorities as it is for central banks.

Unfortunately, climate data may be available, but it is often hard to find, understand and apply. Concurrently, the modelling toolbox for climate change is not as intuitive as that for macro-economic issues: there are multiple ways of looking at the impact which do not always take into account important second-round and ripple effects.

This is one of the reasons that the Network for Greening the Financial System (NGFS) made defining climate scenarios one of its priorities.

Let's go back a few steps. The Network was launched in 2017 and has attracted 65 central banks and supervisors as members, with 12 others as observers. The Central Bank of Malta joined the Network in July 2019 and has since then been playing an active role, including giving input into the report.

As the Network said recently: "to determine the right actions to take today, we need to look ahead over decades, not just the next few years."

The Network published the first set of climate scenarios a few

weeks ago, looking at assessments which will provide a common starting point for analysing climate risks, not just for central banks and supervisors, but also for financial, academic and corporate communities. It also made public the data underlying the scenarios on its website.

The aim is for the document to act as a catalyst to mobilise the Network's global research partners and the broader research community around the NGFS research priorities.

Why does it matter? The frequency and severity of extreme weather events are on the rise. Let us take real estate and agriculture as examples: climate change poses physical risks, which would impact the banks that lend to them, the insurers that underwrite their risks, and asset managers who invested clients' money in such sectors. They all could face huge losses. Unpredictable events could affect insurance cover and premiums, in turn leaving assets unprotected and banks exposed to credit risk. There could be an impact on inflation expectations,

and on exchange rate targeting regimes, and fiscal measures such as carbon-taxes and their impact on prices. And these impacts could very well spread from the financial system to the public sector, for example if bailouts are required.

There is another parallel between COVID-19 and climate change: the trade-off between short-term economic growth and long-term environmental quality. The Network said that the risks require a better understanding of the trade-off, and of whether climate policies associated with structural reforms could lead to a positive 'green growth' effect, even in the short term.

The topic is vast, the impacts catastrophic: extreme weather caused by temperature rises, droughts, floods, wind storms and sea-level rise affect housing, food production, health and labour productivity – and in turn health systems, tourism, logistics and even insurance.

Appreciation of what is at stake is one of the reasons that the Bank joined the Network and has dedicated resources to work with other

banks within the Network and its research partners, such as the Potsdam Institute for Climate Impact Research.

The Bank's Governor, Mario Vella, explained why he is such a firm believer in the principles underlying the creation of the Network: "The COVID-19 crisis has been an important wake-up call in this sense, as we have been able to see the economic impact – even in the short-term – on consumption, demand and logistics.

"The impact of climate change is much slower than that of COVID-19, but it has the same global spread and the same devastating impact: in different ways in different countries, but nonetheless significant. Central banks need to be able to assess all these risks as it is the only way that we can absorb them."

Wendy Zammit is the Head of the Financial Stability Surveillance and Research Department at the Central Bank of Malta and represents the Bank on the Network for the Greening of Financial Services. For more information, visit [www.ngfs.net/en](http://www.ngfs.net/en)

## INTERVIEW

# FIAU overhaul sees substantial boost to staff numbers, budgets, new AML/CFT systems

Rebecca Anastasi

Malta's Financial Intelligence Analysis Unit (FIAU) has increased staff, boosted supervisory activity and kicked off the implementation of sophisticated systems and platforms designed to strengthen its fight against money laundering and terrorism financing.

In comments to *The Malta Business Observer*, FIAU Director, Kenneth Farrugia, said the entity had "matured", evolving in response to the challenges faced over recent years, and to meet the island's obligations towards its international partners.

Moreover, the changes - which will continue to be further developed over the coming year - include the implementation of the Moneyval recommendations, which, the Director underlined, were the Unit's "primary objective" ahead of Malta's deadline in February of next year - the new cut off accorded to the island to give the authorities some flexibility in the wake of the disruption caused by COVID-19.

"We received good ratings from Moneyval on two IOs (Immediate Outcomes) from 11, including IO2 on international cooperation, but we were told more work needed to be done on IO3 (supervision) and IO6 (financial intelligence). So, we have been working on strengthening these aspects," Mr Farrugia said, stressing that this comes at the tail end of a long process which has seen the FIAU evolve over recent years.

One of the most striking changes has been in human resources: while in 2012, the Unit employed 12 officers, the past years have seen that number increase to 82, as of this month, Mr Farrugia said. "We've practically tripled in size, particularly over the past 3 years. Yet, it's not only about the numbers. We have also been focusing on the quality of our staff since that is what is vital in the long-term," he specified. This has been accompanied by a boost in the Unit's budget, he continued, from an allocation of €1.1 million in 2016 and 2017, to almost €6 million for 2020.

"This has, of course, meant we now have more responsibilities, in terms of output," he asserted, saying that there have been concrete results on the ground. For instance, he noted, "we have drastically increased the number of supervisory examinations,



from 55 in 2018 to 169 examinations between the period July 2019 to June 2020," he outlined.

This has allowed the FIAU to take more administrative and enforcement action. "The FIAU has issued almost €4 million in pecuniary fines in 2019 - a record year, particularly when you compare it to 2018, when the number reached €1 million, or, even, 2017, during which the amounts only reached €61,000," he detailed, adding that, in 2020,

the fines imposed have already exceeded €1.2 million.

As Malta's single supervisor for anti-money laundering (AML) and the combatting of financial terrorism (CFT), the Unit is the "single point of contact" and, as a result, the improvements being made have been done to "ensure consistency" and to further increase its ability to be a one-stop shop in the field.

"We are an expert hub and our intent is fully focused on tack-

ling AML and CFT," Mr Farrugia said, adding that the entity has "the visibility of all trends and issues which are taking place in various sectors in Malta," which fall under the FIAU's remit. In this regard, he pointed to the case of Pilatus Bank and said that it was the Unit which liaised with the European Bank Authority (EBA) and the European Commission (EC) to institute changes as a result of the breach of union law.

***"We embarked on an ambitious project, consisting of 138 action points, which we implemented in six months, travelling to the EC in Brussels and the EBA in London every six weeks to provide them with continuous updates."***

"We embarked on an ambitious project, consisting of 138 action points, which we implemented in six months, travelling to the EC in Brussels and the EBA in London every six weeks to provide them with continuous updates. In turn, they would give us feedback and we took all the recommendations on board. Today, we have one of the best systems in Europe, and, in fact, we are being approached from time to time by our international counterparts to showcase it to other jurisdictions and we have also been asked by other jurisdictions to share our experience," Mr Farrugia explained.

Other improvements - both in supervision and intelligence - have also been the focus of attention. In terms of the former, the entity developed the online CASPAR (Compliance and Supervision Platform for Assessing Risk) system, which was custom-made for Malta's FIAU. This allows the Unit to efficiently process Risk Evaluation Questionnaires (REQs), and, thus, effectively risk assess Subject Persons - that is, those carrying out financial or business activities.

"The system allows us to take information gathered by prudential supervisors, such as the Malta Gaming Authority (MGA) and the Malta Financial Services Authority, as well as the information from Malta's National Risk

## INTERVIEW



Assessment, or any other sectorial risk assessment, and assess these Subject Persons to determine whether they are high risk, medium, medium high, medium low or low risk. This will, then, determine what sort of supervisory intervention we would need to carry out on them," he attested, saying that, as a result of the information they have to hand, the Unit is targeting to undertake between 250 to 300 such interventions per year.

From an intelligence perspective, Mr Farrugia also highlighted the Unit's new goAML scheme – a submission system for Suspicious Transaction Reports (STRs) developed by the United Nations Office on Drugs and Crime, which he described as "impressive" and a "major milestone" – and which allows reports of any suspicious activities to be inputted directly onto the platform and for more efficient processing.

"This is built to automatically conduct certain search clusters using databases, such as that of the Malta Business Registry, Transport Malta and the Commissioner for Revenue, among others, to draw up the information you need. So, a lot of work is facilitated, and the analyst has all

the groundwork already in place," Mr Farrugia explained.

And, indeed, this tool is becoming increasingly invaluable, as the number of STRs being received by the FIAU continues to increase dramatically. "In 2015, we received 565 STRs, but this jumped to 2,778 in 2019, so the numbers have risen sharply, which is a positive sign for us. This is due to the general increase in awareness resulting from our increased supervisory outreach and also thanks to the training, support and outreach we've been giving to Malta's Subject Persons. They are our gatekeepers. Our effort, has, in fact, yielded positive results since they understand their obligations better, and this is reflected in the increase of STRs," he said.

Moreover, the time from which the Unit receives an STR to the time it submits a report to the police has also plunged by 250 per cent, as a result of work done in the wake of the Moneyval recommendations. "We had some feedback on the time it would take, and we've gone from a 300-day turnaround, to approximately 100 days, and we're trying to reduce it even further," he asserted.

And, as part of this drive towards change, the Director also pointed to the entity's public-private partnerships and the signing of Memoranda of Understanding (MOUs) with various authorities, such as the MGA and the Accountancy Board, among others, thus solidifying cooperation between the Unit and myriad partners.

Looking further ahead, and as part of the drive to further strengthen the capabilities of the Unit, the FIAU has been "given additional duties", Mr Farrugia said. One of these is overseeing the upcoming Central Bank Account Registry – a database through which the entity and other competent authorities will be able to quickly determine whether a Subject Person has an account held with any bank in Malta – which needs to go live by 10th September for Malta to be in line with the 5th AML Directive.

"This registry is going to be very useful and investigators will be able to check, in a matter of minutes, whether someone has a bank account in Malta or not, instead of having to manually send out letters, waiting for replies and so on," Mr Farrugia asserted. Most of the work on the project continued throughout the soft

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***"We're ticking off all the boxes and implementing each and every recommendation fully."***

lockdown imposed by COVID-19, he continued, with banks and financial institutions also being trained on how to register and upload the data.

Another forthcoming project, which will fall under the FIAU's remit, is the Cash Limitation Policy, one of the Budget measures announced in October of last year, and which would limit cash transactions in Malta to €10,000. "We've invested a lot of time and energy researching how this would work, and we've also visited other jurisdictions to get a flavour of how such policies are being administered. So, we're currently looking into how to monitor such transactions, how to enforce the policy and work out a practical system of how it would work on the ground," the Director outlined.

And, of course, implementing the Moneyval recommendations will take absolute priority as the

island continues to focus attention on improving its systems, and strengthening its checks and balances to avoid grey-listing by the Financial Action Task Force (FATF). "We're ticking off all the boxes and implementing each and every recommendation fully," he stressed.

Finally, the FIAU is also bolstering its focus on whistleblowing, creating a safe space for employees of Subject Persons to come forward should they know of any irregularities. "It takes courage to inform the Unit of instances of non-compliance, but we want people to know that they can come talk to us, and they can report things in a safe manner. We will be issuing formal guidance in this regard, though we have also set up an information landing page on our website to give the possibility more prominence," he said.

## EDUCATION



# NCFHE seeks to boost transparency and coherence through the MQF

Ray Bugeja

The National Commission for Further and Higher Education (NCFHE) is working on a number of fronts to increase awareness about the country's qualifications system, through the Malta Qualifications Framework (MQF), and to make it more transparent.

The NCFHE acts as the authority responsible for all aspects of the MQF implementation including its role as the EQF national coordination point (NCP) for Malta, explained Madonna Maroun, MQF Coordinator and Research and Policy Manager at the Commission.

"The MQF is seen as an important tool to put lifelong learning and adult learning opportunities into practice by improving access, progression and valuing of non-formally and informally acquired competences. It provides consistency and coherence with the European Qualifications Framework (EQF) and promotes

the concept of mutual trust through robust quality assurance mechanisms across all levels of the MQF," she explained.

Further elaborating, she said that the entity is responsible for promoting and maintaining the MQF, which forms a fundamental element for all functions of the NCFHE: recognition, quality assurance, licensing, accreditation and validation of non-formal and informal learning.

The MQF is an instrument for the development and classification of qualifications in Malta. It has eight reference levels and two additional levels: A and B. The regulatory framework is determined by Subsidiary Legislation 327.431, which specifies the level descriptors for the eight qualification levels (Levels 1-8) and examples of qualifications that exist within the national education and training sector in Malta.

"The reference levels make it easier to understand what a learner with a qualification knows, understands and is able to do," Ms Maroun ex-

plained. "These levels are neutral reference points to be used for all qualifications. Using level descriptors, they describe the knowledge, skills and competences that are applicable to specified levels of learning outcomes."

Furthermore, the MQF is also a referencing tool that helps to compare both national and foreign qualifications to promote quality, transparency and enable the mobility of qualifications in all types of education. It is tied to the EQF, through a document known as the Referencing Report, and is also used in conjunction with other non-European qualifications frameworks.

"The Referencing Report is Malta's national document that references the MQF to the EQF. It provides details of the parameters that need to be adhered to by any further and higher education provider in Malta in terms of the level of learning outcomes and number of credits. This referencing process forms the basis for the recognition of national qualifications at

***"After more than a decade, and in order to ensure that the MQF remains relevant and adapt to changing needs of different stakeholders and end users, the NCFHE identified the need for an impact assessment study on the MQF."***

a European level and the recognition of foreign qualifications from the European Union and beyond," the Coordinator and Policy Manager said.

The NCFHE has launched an impact assessment study on the MQF, which was established in 2007. "After more than a decade, and in order to ensure that the MQF remains relevant and adapts to changing needs of different stakeholders and end users, the NCFHE identi-

fied the need for an impact assessment study on the MQF. It also needed to study the MQF's ongoing effectiveness and sustainability in light of the continuing evolution of the education sector," Ms Maroun asserted.

This is in line with the entity's role as the National Coordination Point (NCP) for the European Qualifications Framework. Indeed, the NCFHE is, thus, responsible for promoting the EQF and the MQF, under the un-

EDUCATION



FROM LEFT TO RIGHT: MADONNA MAROUN, NCFHE MQF COORDINATOR AND RESEARCH AND POLICY MANAGER; DR ROSE ANNE CUSCHIERI, NCFHE CEO

brella of the EQF-NCP 2018-2020 project, co-funded by the EU's Erasmus+ Programme.

"One of the project's main objectives is to conduct a first MQF impact assessment whose implementation, along with the recommendations for revisions of the MQF arising from such an impact assessment, will form the basis of a systematic MQF review mechanism that is firmly embedded in the NCFHE's functions and policies," she explained.

The impact assessment has four main objectives, she continued. Firstly, it will assess and analyse the impact of the MQF across a wide number of sectors/stakeholders. It will then help provide recommendations on possible areas of both policy and technical improvements for the MQF and its referencing to the EQF; submit recommendations for the further implementation, promotion and regulation of the MQF; as well as furnish baseline indicators for future reviews.

Data collection to obtain the views of all stakeholders is taking place in three phases: an online survey, focus groups, and one to one interviews. The first phase, the online survey, was launched in May and closed at the end of June. The second and third phases are starting now, with a final report expected to be issued in December 2020. This will contain the analysis of the results and the key recommendations.

Last year, the NCFHE issued the terms of reference and a call for applications to select an external expert to assist it in planning, designing and implementing the

MQF impact assessment study, as well as to aid it develop recommendations for its improvement, and propose a systematic review mechanism.

"From all the applications received, the NCFHE selected the Scottish Credit and Qualifications Framework Partnership, which has an established record of regularly evaluating National Qualifications Frameworks both overall and across specific sectors and are, therefore, a key contributor to the success of the study," Ms Maroun said. "The experience and expertise of the Scottish Credit and Qualifications Framework Partnership ensured that all of the objectives set are met."

The NCFHE is also focusing on the Register of accredited institutions in Malta, which it is duty bound to maintain in accordance with Subsidiary Legislation 327.433, titled Further and Higher Education (Licensing, Accreditation and Quality Assurance) Regulations. Featuring on the Register means that listed institutions have gone through the accreditation process and can be considered as "licensed institutions".

The Register, which is available now on the NCFHE website, is divided into two excel files, namely: the list of licensed educational institutions and the list of accredited programmes with their corresponding MQF levels. They are periodically updated, reflecting ongoing changes within the institutions and new licence-holders as well as newly-accredited programmes.

Moreover, in order to interlink the Register maintained by

the NCFHE with the EUROPASS portal developed by the European Commission, the Register had to be replaced by a new, modern and efficient tool. Taking this into account, and through a project co-funded by the EU, the NCFHE is addressing this issue by developing a functional database compatible with the EU regulations.

"The development of a National Qualifications Database will contribute to making information on accredited programmes in Malta more easily available to learners both in Malta and abroad, thus ensuring that those wishing to further their education will have the right information available to make informed choices and be assured that the programme in question is accredited and MQF level rated," Ms Maroun outlined.

This will be further supported by the link of the NQD to the EC QDR, ensuring a more comprehensive database of qualifications in Europe.

"Such initiatives certainly contribute to facilitating the mobility of learners and workers within Europe by improving recognition of qualifications across borders and providing information on accredited programmes, which is comparable and compatible with that provided by other countries. This will help to ensure the transparency of the system of accreditation carried out in Malta and increase trust," Ms Maroun added.

Concluding, the Coordinator and Policy Manager said that the NCFHE has also felt it is necessary to create a new logo to represent the MQF, and a national



competition for its design was launched in May. By the end of June, it had received 53 submissions. "The NCFHE deemed it important giving the MQF an independent identity so the pub-

lic perceives it as a tool they can also use to plan their education pathway or even their career," she said. The winning logo will be officially launched at the beginning of August.



# eSkills Malta Foundation focuses energies on digitising the economy and the labour force

Ray Bugeja

The digitisation of the economy is one of the most important drivers behind the profound transformation of the labour market and the way people work, according to Carmel Cachia, Chief Administrator at eSkills Malta Foundation, who told The Malta Business Observer that the entity is continuously striving to liaise with partners across sectors to strengthen digital skills.

The eSkills Malta Foundation is a digital foundation launched by the Government in April 2014, though the founding members come from Government, industry and education. "This provides the Foundation with the right multi-sectoral partnership for the development of digital skills and competences in Malta," said Mr Cachia, adding that "improving professionalism and recognition within the ICT community is crucial for the future."

In general, the ICT sector, education sector, SMEs, and citizens are the beneficiaries of the work done by the Foundation.

Fully aware of the European and local developments in the digital sector, the Foundation works diligently on several strategic goals.

Contributing to policy development by the various existing digital stakeholders – from Government, education or industry – is one of its priorities.

Another goal includes the popularising of ICT careers and roles in the digital sector. The aim here is to increase the number of students taking up ICT, and the number of professionals joining the sector. The Foundation engages with myriad stakeholders to organise initiatives to address the perception of ICT careers so that individuals can base career decisions on informed views.

Thus, energising the education ecosystem is one of the most important targets of the Foundation.

The ICT education system in Malta needs regular support to provide the competences and skills needed by the ICT industry. The Foundation strives to increase short-term skill supply because a lack of these competences constrains economic growth; it also works at increasing awareness on the future skills trajectories, providing guidelines on continuous professional development, and promoting the best HR practices in the digital sector, Mr Cachia elaborated.

Moreover, the Chief Administrator continued, the Foundation keeps a close eye on what's going on in Europe when it comes to standards, frameworks and initiatives related to digital skills, competences, as well as to the development of the ICT profession. This helps the country be in line with European best practices.

Indeed, to give Malta a more focused and clear direction on digital skills, eSkills Malta Foundation launched the National eS-

***"The strategy is working well and has contributed to the high ranking Malta achieved in the European Digital and Economy Index (DESI), coming 5th among 28 member states in 2020."***

kills Strategy for 2019-2021 in March 2019. "The strategy is working well and has contributed to the high ranking Malta achieved in the European Digital and Economy Index (DESI), coming 5th among 28 member states in 2020," Mr Cachia asserted.

From the European perspective Mr Cachia said that "the Commission provides several initiatives to improve and consolidate the

areas mentioned above, and the future bodes well for all countries since more funding has been made available." He further added that these initiatives consolidate the strong view of a Single Digital market where borders virtually disappear for the benefit of all members. "These initiatives are also needed to be able to compete with the rest of the world continents," Mr Cachia continued.

Elaborating, the Chief Admin-



## BUSINESS

istrator specified that “one of the most important initiatives is the Digital Europe Work Programmes (DEP) to be introduced by the European Commission.” The Programme will reinforce EU critical digital capacities by focusing on the key areas of artificial intelligence (AI), cybersecurity, advanced computing, data infrastructure, governance and their deployment for critical sectors. Among others, the sectors include health, energy, environment, manufacturing and agriculture.

The Programme also targets upskilling the workforce with advanced digital technologies through the support of industry, SMEs and Government, who are attempting, undergoing or planning digital transformation. The areas in the Programme are inter-related so that AI relies on proper cybersecurity to ensure secure and trustworthy data, making use of high-performance computing to process the vast amount of data obtained.

At the same time, Mr Cachia asserted, digital skills are required in all areas to meet future needs, adding that “COVID-19 has confirmed how societies and economies depend on digital solutions, but it also drew attention on Europe’s weakness of having to depend on other regions of the world.” Thus, to strengthen the Union’s capabilities better, the DEP also builds, among others, on previous joint European commitments in AI and its trustworthiness, cybersecurity, EuroHPC, European Data Strategy, and Digital Innovation Hubs.

Moving on, Mr Cachia also identified the upcoming new Digital Action Education Plan (DEAP) as an important initiative by the Commission. “This should be issued in the last quarter of 2020. The current DEAP 2018-2020 already includes some important aspects like the better use of digital technology for teaching and learning, the development of digital competences and skills, improving education through the better use of data analysis and foresight. COVID-19 will be a major influencer for the upcoming DEAP,” he explained.

Furthermore, “other European initiatives that have impacted member states include the Digital Skills and Jobs Coalition. They will unveil an ambitious cross-border digital skills platform. The European e-Competence Framework was also released,” he continued, emphasising that the European Commission initiatives do not work in silos but are usually run to complement each other.

Turning onto the emerging technologies and how these may affect business, the Chief Admin-



***“The disruption and change in technology will bring about a transformation in business operations.”***

istrator said that “disruptive technology created the digital transformation in organisations and will create new opportunities that are there to be taken.” He cited the example of the World Wide Web – “one of the biggest disruptive technologies” and said that although it shook business models from top to bottom, it created so many global opportunities that, today, most successful companies cannot survive without it.

Thus, “the disruption and change in technology will bring about a transformation in business operations. Those that embrace this change, and prepare for it, stand to benefit from a business and competitive edge, while those that don’t will risk a loss in business,” Mr Cachia asserted, specifying that the disrupting technologies of AI and cognitive systems, robotics and their convergence, the Internet of Things, Data Analytics, and high-performance and quantum, to mention just a few, are already taking centre stage.

In turn, this is creating considerable demand for the upskilling of business leaders, the workforce and ICT professionals, he continued. “For instance, the Internet of Things (IoT) is not just the use of the Internet, but it enables devices to connect to Internet technology, possibly with cloud data, to extract instantaneous information and updates to enable proper business analytics within a secure environment.”

Concluding, Mr Cachia cited some evidence in EU studies that indicate that, in some job categories, more than 90 per cent of jobs require specific digital skills, adding that the evidence indicates that this requirement is particularly the case for high and medium-skilled jobs. “It is well accepted nowadays that 90 per cent of EU employers state that managers, professionals, technicians, clerical workers, sales or skilled agricultural workers are required to possess at least basic digital skills,” he underlined.



## BUSINESS UPDATES

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Small and mid-sized businesses no longer have to settle for lower quality

software solutions. The Acumatica SaaS (Software as a Service) model has made ERP more accessible due to lower hardware, software, and personnel costs. The latter three factors are a result of the following factors:

Costs of data storage, supplier support services, and software tools are spread across multiple companies, resulting in more affordability.

The service is not priced on the number of users but on the resources required, thus doing away with the need for user licenses.

Employees and server rooms don't need new hardware, because cloud-based ERP systems can be used across various devices that support an internet browser.

Software maintenance and support can be managed by your SaaS provider and support partner, so your IT team can focus on revenue generating projects.

## A feature for every function

Start small and build your way up with Acumatica Cloud ERP which grows along with your business. Begin by implementing tools to optimise financial management and CRM. As your business expands, you can add-on relevant modules such as distribution management, service management, and project accounting.

## Work from anywhere, at any time

Access important information whenever you want, wherever you are, from any mobile device. The mobile-friendly nature of Acumatica Cloud ERP is perfectly suited for a growing business in today's fast-paced world where everyone is on-the-go.

For more information on how Acumatica Cloud ERP can help accelerate your business growth by maximising productivity and streamlining operations, visit [www.computimesoftware.com/acumatica-erp](http://www.computimesoftware.com/acumatica-erp) or email [info@computimesoftware.com](mailto:info@computimesoftware.com)



## Unlimited data, unlimited calls, unlimited flexibility - discover GO's new business mobile plans

Over the past few years, organisations everywhere have embraced new, flexible ways of working to improve productivity, cater to today's digital-first customers, and boost their bottom line. But to stay flexible, you need the right solutions in place - including the right mobile plan for everyone in your team.

We wanted to do our part to help people, and the businesses they work for, stay flexible. That's why we recently launched new mobile plans that can help your business get the agility it needs.

Here are three ways GO's Infinity Mobile plans can help you and your business stay responsive:

**Create your own plan:** Tailor plans for individuals to provide them with the agility they need.

**Get unlimited data and calls:** We now provide a mobile plan offering unlimited data, as well as unlimited calls and SMS messages.

**Don't compromise on connectivity:** We aim to be totally transparent about our services, so with our plans what you see is truly what you get.

Learn more about our new Infinity Mobile plans at [go.com.mt/business/infinitymobile](http://go.com.mt/business/infinitymobile)



## Enemed, offering unique opportunities

At Enemed, there is no such thing as a typical working day. From an event launching the latest product, to new work challenges and day-to-day tasks, there is always something going on. Add to this the buzzing of the phones in various offices, and the bustling of employees, discussing, laughing or getting worked up during a meeting, teambuilding or brainstorming session, and you have a picture of the constantly satisfying days at Enemed.

Employee satisfaction is not the only high priority at Enemed, but equality amongst all personnel is also of vital importance. The sense of equality kick-starts before an individual joins the company. Indeed, during the pre-recruitment stage, the job advertisement would call for a diverse selection, with everyone treated the same, regardless of gender, sexual orientation, nationality, religion, race or disability.

Visit [enemed.com.mt/vacancies](http://enemed.com.mt/vacancies) to see the available opportunities at Enemed.

## Helping businesses build resilience in times of uncertainty

*Joyce Grech, Head of Commercial Banking at HSBC Bank Malta p.l.c.*

Amid the uncertainty caused by the COVID-19 situation, many of HSBC Malta's business customers have been facing supply chain disruption, including delays in receiving both goods and payments, as well as experiencing other challenges, such as having to confirm orders overnight.

Our Global Trade and Receivables Finance (GTRF) team is actively supporting our customers during these challenging times, including tailoring solutions that extend trade finance to our clients in a more structured manner. We are remaining close to our customers in sectors that are experiencing increased working capital challenges, ensuring that they can benefit from our extensive international network. We are proactively contacting customers doing business in countries and sectors that are significantly impacted by COVID-19 to help them navigate trade with new or existing counterparties. As a bank, we deliver



**JOYCE GRECH, HEAD OF COMMERCIAL BANKING AT HSBC BANK MALTA P.L.C.**

international connectivity and solutions to our local customers in Malta, by leveraging the wider HSBC Group network. As the situation continues to evolve, HSBC Malta will continue to adapt to support the business community in these uncertain times.

Initiatives launched by HSBC Malta to support businesses affected by COVID-19 include: capital and interest repayment short-term working capital funding; faster turnaround on the is-

suance of shipping guarantees; waiver of related urgency fees; waiver of amendment fees on letters of credit impacted by delays; extensions of trade loans; and extensions to receivables finance funding periods. These support measures are assessed on a case-by-case basis.

GTRF is also leveraging the new digital capabilities of HSBC Group, making international trade and trade finance simpler, safer and faster for all customers. This has a significant positive environmental impact by reducing the use of paper and avoiding unnecessary journeys. Additionally, our customers benefit from webinars concerning the 'new norms' and emerging trade trends.

In a volatile and uncertain external environment, businesses need to be flexible in their response. Companies can, however, set themselves apart by viewing external disruptions as opportunities to create efficiency and resilience. Through the measures outlined above, HSBC Malta continues to support the business community in building this resilience for a sustainable future.



FAMILY  
BUSINESS OFFICE

## The success of your family business is our top priority.

### Let's succeed together!

**REMOVE** those obstacles which are keeping your family business from thriving. Benefit from our incentives to keep things going smoothly.



#### Advisory services

Legal, notarial or accountancy advisory services of €2,500 annually over five years up to a maximum of €12,500 for the purposes of assistance in the succession or business transfer of a family business.



#### Micro Invest

Micro investment of a maximum tax credit of €70,000 over a three year period.



#### Education and Training

Education and training for owners and their employees of up to €1,000 annually per family business.

Ensure your  
**Family's  
success!**

**Make sure to be registered  
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be able to benefit from the above  
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Register today at  
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e: [familybusinessact.meib@gov.mt](mailto:familybusinessact.meib@gov.mt)

 [FamilyBusinessOfficeMalta](https://www.facebook.com/FamilyBusinessOfficeMalta)  
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## AML TRANSACTION MONITORING IT PAYS TO COMPLY

Automatically detect suspicious transactions - quickly and effectively - to help avoid reputational risk and potential fines.

### FEATURE HIGHLIGHTS

- > Increase automation - minimise false positives by tailoring scenarios to customer or transaction risk and focusing on regulatory priorities
- > Improve effectiveness over time - tune rules through back testing without the need of technical personnel
- > Give regulators confidence - 'tried & tested' system with a clear audit trail of monitoring and investigations
- > Implement quickly, easily, and securely - easy to implement REST API or batch file upload

**Learn More. Get in touch with us today.**

Drop us an email on [sales@computimesoftware.com](mailto:sales@computimesoftware.com)

Give us a call on **+356 2149 0700** or visit our website on [comply-radar.com](http://comply-radar.com)