Press Release issued by the FIAU in relation to the European Commission’s formal opinion of 8th November 2018

The FIAU refers to the decision by the European Commission to issue a formal opinion requiring the FIAU, as a supervisory authority, to take the necessary action to fully comply with Union law. This decision is based on the previously adopted recommendations by the European Banking Authority (EBA) and represents another step in the process initiated in 2017.

The FIAU welcomes the fact that the EU Commission has acknowledged the positive results already achieved and the noticeable progress made to-date by the FIAU. Indeed, the FIAU maintains its absolute commitment to cooperate fully with the Commission and the EBA as it strongly believes that effective implementation of AML regulation, is central to addressing the challenges financial crime presents. The FIAU is committed to continue devoting appropriate resources in order to ensure full compliance with Union law.

The FIAU is continuously working to strengthen the effectiveness of its supervision activities and reinforce AML supervision in Malta. The FIAU has already undertaken a number of measures as part of its efforts to fully address the EU Commission’s concerns that are outlined in its formal opinion, including engagement with international experts to enhance the FIAU, its policies, processes and IT infrastructure to support its capabilities in supervising Malta’s ever-growing and dynamic financial, gaming and other sectors.

FIAU Director, Kenneth Farrugia, stated that: “The FIAU remains deeply committed to ensuring that Malta’s financial and other sectors remain protected from the growing threats of money laundering and financial crime. As such, the FIAU has undertaken significant reforms in its supervisory approach, including the enhancement of its resources and the adoption of new technology tools, to render it more efficient in its supervisory functions. We are committed to continue constructively working with the European Commission and EBA in addressing the new challenges that are being faced, not only by Malta but by the European Union as a whole.”

Numerous actions have already been undertaken as part of a comprehensive Action Plan that was communicated to the EBA on 25th July 2018. The FIAU welcomed the opportunity to meet the Commission on 18th October 2018 during which meeting the FIAU provided the Commission with information and evidence to support the latest actions taken by the FIAU. Among many recent actions undertaken, the FIAU has, in October, published for consultation a revised and enhanced Implementing Procedures to reflect legislative amendments following the transposition of the 4th Anti-Money Laundering Directive (4AMLD) (Directive (EU) 2015/849). These updated Implementing Procedures will provide more detailed and
qualitative AML/CFT guidance to assist obliged entities in adhering to their obligations in today’s business environments. Furthermore, the Implementing Procedures highlight the importance of obliged entities adopting a risk-based approach to implement AML/CFT obligations. This compliments the FIAU’s commitment to adopt a risk-based approach to its supervision.

The FIAU’s Action Plan comprehensively addresses the EU Commission’s concerns and demonstrates its commitment to strengthen its supervisory processes in order to enhance and improve its risk-based approach to supervision. As part of that Action Plan, the following measures have been undertaken in recent months:

- Initiated the process to further increase human resources of its compliance section, including the provision of further and more qualitative training to better equip the section in supervising the various sectors;
- Issuing general, sector specific, and topical guidance to assist obliged entities in complying with domestic law;
- Improving its risk assessment methodology and data collection processes, such as developing enhanced and dynamic questionnaires for obliged entities;
- Progressively revising its Supervisory Procedures Manual to ensure that it reflects the European Supervisory Authorities’ standards and international best practices; and
- Enhancing internal supervisory procedures that strengthen its institutional governance, methodology, and decision making processes, including the effective use of sanctions and other supervisory measures.

The FIAU will fully respond to the EU Commission and the EBA providing information on all specific actions already implemented as well as actions it intends to take in the shortest possible time-period.

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The FIAU is a government agency having a distinct legal personality and established by virtue of the Prevention of Money Laundering Act. The FIAU became operational in October 2002, and is the national authority responsible for the collection, collation, processing, analysis and dissemination of information with a view to combat money laundering and terrorist financing, as well as to supervise the compliance of persons and entities subject to AML/CFT obligations in Malta.