

Excellence in financial services

By **KENNETH FARRUGIA**

CHAIRMAN, FINANCEMALTA



KENNETH FARRUGIA joined Bank of Valletta plc in October 1985, and has over the years occupied various roles within the BOV Group. He currently holds the post of General Manager at Valletta Fund Services Limited, Bank of Valletta's fund servicing arm and is also a director on the Board of Valletta Fund Management Limited. Within the Bank Of Valletta plc, he holds the post of Chief Officer and sits on the Executive Committee of the Group. Within the financial services industry, He is a member of the Financial Services Consultation Council and also serves as Chairman of the Malta Funds Industry Association. In April 2009, he was appointed Chairman of the Board of Governors of FinanceMalta.

Malta is rapidly gaining international recognition as a brand denoting excellence in financial services. This is evidenced by the increasing number of reputable international financial services operators who have identified the strengths that Malta has to offer and have consequently set up their operation in Malta. The developments taking place in Malta's financial services industry significantly contrasts with what has happened internationally as the world slowly emerges from the grip of recession.

In fact, despite the challenging market environment, which has in turn brought about both a transformation in the landscape of global financial markets and an upheaval that affected financial systems in most advanced economies, Malta's own financial system escaped relatively unscathed. This was primarily driven by the robust and stringent regulatory framework as well as Malta's adherence to sound banking principles. Consequently, these developments have not only been instrumental in attracting foreign financial institutions to Malta but have moreso protected Malta from the onslaught of the financial crisis. In effect, Malta's performance over the past two years is a powerful testament to the stability and confidence of its financial service industry. Indeed, the financial services industry in Malta grew by 22 per cent in 2011, employment in the sector rose to close to 9500 and the island's banks, investment managers and practitioners are handling billions of euro in turnover every year. This success confirms that Malta is on the right path to achieving its ambitions for this sector.

Undoubtedly, the driver of these strengths is led by the presence of a well-trained and motivated workforce. In itself, this reflects the importance of Malta's education system which has been continuously strengthened and broadened to ensure that the growth of the industry's various sectors is constantly supported by the availability of skilled and knowledgeable human resources. The industry's growth is also being driven by other equally important factors. These include the presence of a comprehensive legal and regulatory framework, as well as a competitive fiscal regime backed up by over fifty double taxation agreements. To these, I would also add a sophisticated ICT infrastructure, English as an official language, an enviable climate and Malta's unique strategic location – an EU country with strong Mediterranean links.

Just to mention a few, the European Commission's latest Internal Market Scoreboard published in January 2011 emphasised how Malta has been quick to embrace the opportunities offered by the EU single market. It ranked Malta in joint first position out of all EU countries for the implementation of internal market directives, demonstrating both Malta's efficiency in transposing European rules into domestic law and that its economy is one of the most integrated in the Union. Moreover, according to The Global Competitiveness Report 2011-2012 issued by the World Economic Forum, Malta was ranked as having the 12th soundest banking sector and 15th in the Development of our Financial Market, putting us in the same points bracket as Switzerland and Luxembourg. Malta also ranked as one of the top five EU performers in terms of foreign direct investment inflows as a proportion of gross domestic product and was among 40 countries that were praised by the OECD for "substantially implementing" internationally agreed tax standards – a major achievement for Malta, which has long fought for this recognition and which immediately placed it on the 'white list'.

In addition to these commendable achievements, Malta's set-up is in accordance with European Code of Conduct rules and European Union directives, and is also in line with OECD parameters as stated in the latest G20 meeting. All these initiatives are instilling confidence in international investors who are rapidly realising that doing business in Malta is doing business at the highest benchmarks and standards possible. These high standards – in regulation, in professional services, in human resources, in infrastructure, in IT services and in competitiveness – are what will ensure Malta is able to fulfil its potential as an international financial services centre.

Within the context of the above and the internationalisation of Malta's financial services industry, FinanceMalta's main aim is to further strengthen Malta's financial services brand through a comprehensive number of initiatives across various media. These initiatives include the organisation of conferences which to date have been organised in London, Frankfurt, Bahrain, New York, Hong Kong and China, the participation in third party conferences, organisation of webcasts, podcast, information supplements and various other similar initiatives. **E**