



THE MALTA CHAMBER

Recommendations for the MoneyVal Assessment

The Moneyval Forum

An Initiative led by:

The Malta Chamber of Commerce, Enterprise and Industry

together with



THE INSTITUTE OF
FINANCIAL SERVICES
PRACTITIONERS

MBA | Malta
Bankers' Association

MIA THE MALTA
INSTITUTE OF
ACCOUNTANTS



MALTA
INSTITUTE
OF TAXATION



Recommendations for the MoneyVal Assessment	1
The Moneyval Forum	1
The Initiative	2
Proposed Recommendations	4
1. Communication	4
2. Remediation Strategy	5
3. Long-Term Strategy	6
Contributors	7



THE MALTA CHAMBER

The Initiative

The MoneyVal Forum is an initiative led by the Financial Services Business Section within the Malta Chamber of Commerce, Enterprise, and Industry. The forum includes another five organisations namely, the Chamber of Advocates, the Malta Institute of Accountants, the Institute of Financial Services Practitioners, the Malta Bankers Association, and the Malta Institute of Taxation. This practically covers all the sectors within the financial services industry.

The Forum was set-up to present a unified voice of the industry in the face of the upcoming MoneyVal Evaluation, and for industry to support the Government ahead of the Evaluation.



Proposed Recommendations

1. Communication

The MoneyVal Forum believes that as a matter of priority it is fundamentally necessary to roll out a Clear **Communication Strategy and Plan** immediately. This is to be particularly addressed to the international community that needs to understand our position clearly in this process and shows the commitment of Malta to achieve the desired results as part of a process which will remain on-going. This needs to be actioned immediately, using the endorsement that Malta has already achieved from the Venice Commission and the EU on those efforts. It is envisaged that such communication plan would be based on the following three key initiatives:

1. Prepare a **Communications Strategy and Plan** in preparation for the final MoneyVal Evaluation, highlighting the progress achieved so far in updating our regulatory infrastructure, in terms of supervision and enforcement. This should include progress achieved not only in the specific areas of AML/CFT but also Rule of Law issues. We feel that this has significantly contributed to Malta's loss of reputation with the International Community. The main message that needs to be addressed is that whilst significant progress has been achieved so far, and which has also been endorsed by the Venice Commission and the EU, Malta is committed to continue strengthening its overall framework and enforcement of that framework. It must also clearly indicate that Malta intends putting the right framework in place not merely as a goal to meet MoneyVal targets but rather an important voyage towards maintaining its status as an international business centre of repute. Thus, it must be emphasised that for Malta, making it through the MoneyVal test is simply one of a number of milestones to be achieved along a journey towards upholding transparency and professionalism in Financial Services and the rest of the economy. The MoneyVal Forum, through the Chamber should be communicated with continuously to ensure that the Industry is kept in the loop.
2. The appointment of a **National Spokesperson on MoneyVal related matters**, who ideally would be the Ministry of Finance and Financial Services - Permanent Secretary (Mr. Alfred Camilleri), currently heading the NCC and very experienced in such matters. He will have the support of the Moneyval Forum and should be supported by private industry. This will go to manifest the cohesive and committed approach of private industry and the public administration in this matter. The Forum would welcome the opportunity to support the Government in its meetings with Moneyval by appointing a representative to sit alongside Government during the meetings with Moneyval.



3. **A second Communication Strategy and Plan** should be prepared and rolled out following the evaluation result and more importantly **in the event of a negative outcome** (jurisdiction greylisting). This will need to be managed, again emphasising that Malta will remain committed to put in place, within the shortest time possible, a framework that will attain the desired level of regulation and enforcement. Latvia's *modus operandi* on this matter is indeed one of the recommended approaches where a spokesperson has been giving regular public updates as to the actions that were being taken. Additionally, Latvia did not treat the Moneyval deadline as the end of the trip but as a milestone to be achieved.

2. Remediation Strategy

The MoneyVal Forum is of the opinion that the Financial Services Industry is one area which will be hit most negatively in the event of a negative result. The Moneyval Forum therefore recommends that in the event of a negative (jurisdiction greylisting) result, it will, as representative of the Financial Services Industry, collaborate with the Government to plan and roll out a Remediation Strategy which will aim to bring Malta off the list in the shortest time possible. This would require the process:

1. To become fully transparent with regular updates by the NCC as to the progress being achieved on a monthly basis.
2. Is illustrated using project management schedule tools with respect to, amongst others, the state of play of compliance and applicable timelines.
3. Incorporates a strategy aimed at addressing outstanding recommendations (i.e. those not addressed by the due date later on this year).
4. Rebutts the low effectiveness rating achieved in the following: supervision, investigation, prosecution, and conviction. Though much has been done regarding the supervision aspect, the same cannot be said for the other aspects. A clear indication as to what is happening on a national level regarding investigation, prosecution and conviction would greatly assist in counteracting the impression of impunity. Prosecutions are of essence, requesting convictions may be tantamount to influencing the course of Justice. The communication strategy should be able to preempt this and place it as an important matter of focus for the medium to longer term and considered as a further milestone which Malta is committed to attain.
5. Creates an intensive 'coaching/training' session/s for the Police Force in order to ensure that when the assessors return, they would be able to withstand the most rigorous tests in an international dimension.
6. Implements a robust PR Strategy for the Police Force (this is not necessarily strictly MONEYVAL related but it will surely address the poor PR performance of the Police Force during the last few



years). It will hopefully also generate greater faith in the force and show that there has been a turnaround in the way the Police operate.

7. Ensure robust and effective regulation of the private sector through the introduction of appropriate legislation to regulate the legal profession, amending the Accountancy Profession Act as necessary and publishing the proposed Prevention of Money Laundering and the Funding of Terrorism CSP Guidance. These are tools intended to provide a more robust platform for regulation of the industry and will serve as a reaction to the "significant risk" which certain aspects of the private sector have been assessed to expose the jurisdiction to in the MoneyVal report.
8. Issues Guidance on Terrorist Financing.
9. Issues Guidance to subject persons on the submission of Suspicious Transactions Reports.
10. Change the way certain professional regulatory authorities are appointed and funded, namely, the Accountancy Board. This should no longer be appointed and funded by the Government, as it is perceived as giving rise to issues in so far as independence and impartiality are concerned. The Accountancy Board is also under-resourced, hence inhibiting it from effectively executing its function.
11. To split the twin responsibilities of MFSA that is a) regulation of the markets including authorisations of FDI currently merged under one roof to include protection of the investors. This split would emphasise the strict demarcation of two independent functions. MFSA is designed to be a super regulator over most financial services sectors yet there is no recognition to recognise its separate and distinct function to protect retail investors, according to MIFID 11, protection of consumers, holders of pension funds, bank depositors and holders of insurance based investments.

3. Long-Term Strategy

The MoneyVal Forum through the Chamber will work with the Government on a **Long-Term Strategy and Plan** for the national prevention, detection and prosecution of financial crime to be rolled out and pursued beyond (and independently of) the MoneyVal assessment process / findings.

1. **Effective Mechanism:** The MoneyVal Forum recommends that it collaborates with the Government to **ensure an effective mechanism** (beyond and in addition to the FIAU monitoring processes) for the effective monitoring and sanctioning of private sector operators which fail to effectively execute their obligations as subject persons and/ or who in any way aid or abet in the execution of financial crime.
2. **Standards:** The MoneyVal Forum recommends that it collaborates with the Government to ensure **a consistent minimum standard** across all subject persons as to the manner in which the relevant laws are interpreted and applied by them (guidance / training / etc.).



THE MALTA CHAMBER

Contributors

- The Financial Services Business Section within Institute of Financial Services Practitioners
- The Chamber of Advocates
- The Institute of Financial Services Practitioners
- The Malta Bankers Association
- The Malta Institute of Accountants
- The Malta Institute of Taxation