

Doing Business in Malta

*A European Finance Centre
with a Global Outlook*

**The Best
of Malta:**
Getting Here
and What to Do

30
REASONS
to Invest in Malta

secure
effective
dependable

Getting it Right

Malta's financial services centre offers financial institutions a combination of the essential ingredients for success: convenient location, rapid access to market, effective regulation, rock-solid legislation, accessible authorities and a pool of highly competent, experienced professionals.

Many internationally recognised financial institutions have already experienced the merits of operating out of Malta and their continued growth and success stands as testament to Malta's strengths and potential

The jurisdiction already hosts hundreds of international finance companies, credit and financial institutions, insurance companies, fund managers, insurance managers, pensions, trusts and treasury companies, all attracted by Malta's unique and well-balanced recipe for success.

Success depends on getting it right
- Malta is getting it right.

more information on:
www.financemalta.org



Find us on: FinanceMalta @FinanceMalta FinanceMaltaYT FinanceMalta

FinanceMalta - Garrison Chapel, Castille Place, Valletta VLT1063 - Malta | info@financemalta.org | tel. +356 2122 4525 | fax. +356 2144 9212
FinanceMalta is the public-private initiative set up to promote Malta as an International Financial Centre.

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64, St Anne Court, Flat 2, Bisazza Street, Sliema SLM 1642 - Malta • T: +356 2034 2034
Email: info@countryprofiler.com • Website: www.countryprofiler.com



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Malta at a Glance

WELCOME to Malta

Located in the centre of the Mediterranean, between Europe and North Africa, Malta is the European Union's smallest member state. A booming economy with high GDP growth and record-low unemployment, Malta has emerged as one of the most remarkable success stories in the Eurozone. Recognised for its pro-business attitude, state-of-the-art infrastructure and modest costs of doing business, it has become the go-to country for growth-minded entrepreneurs and multinational companies. Famous for its 7,000-year history and 300 days of sunshine, three UNESCO world heritage sites and cosmopolitan Mediterranean island lifestyle, Malta is a melting pot of old and new, local and global, work and play.

Malta's Economy in 2018

GDP Growth:	Unemployment rate:	Inflation:	Budget Surplus:	Debt to GDP:
+5.4%	3.9%	1.8%	+1.3%	47.9%

Sovereign Credit Rating

Fitch	Moody	DBRS	Scope	S&P
A+	A3	A (High)	A+	A-

Source: European Economic Forecast, Autumn 2018

Financial services, science and technology, high value manufacturing, health, tourism, education, iGaming, maritime services, aviation and creative industries are the dominant features of Malta's economic landscape. In particular, Malta's EU and Eurozone membership helped the country to strengthen its services sector, and the export of services across the EU member states is today a prime driver of economic growth.

Country Information

Location: Southern Europe
Official Name: Republic of Malta
Area: 316 km ²
Population: 460,000 of which: Maltese: 94% - Foreign: 6%
Memberships: European Union, Eurozone, Schengen Area, Commonwealth
Voltage: 240



Sunshine:
300 days of
sunshine/
year



Temperature
average:
Winter 12°C -
Summer 31°C



Annual
rainfall:
600 mm



Languages:
Maltese &
English



Time:
GMT+1



Currency:
Euro



International
Dialling Code:
+356



Religion:
Roman Catholic

Malta's Finance Sector in 2018

GDP contribution 11%	Financial Institutions 49 <i>including 38 payment providers and 15 e-Money Institutions</i>	Reinsurance Special Purpose Vehicle 1
Banks 24	Insurance companies 68 <i>including 8 captives and 16 Protected Cell Companies</i>	Insurance Managers 11
Retirement Schemes 55	Retirement Funds 3	Retirement Scheme Administrators 15
Fund Administrators 24	Funds: Recognised Incorporated Cell Companies 6	Incorporated Cells 23

Investment Funds
(including sub-funds):

665

Of which:

AIFs: 134

PIFs: 409

UCITS: 118

Retail non-UCITS: 5

Recognised Private

Schemes: 7

Net Asset Value of Malta domiciled Funds:

€11.5 billion *(June 2018)*

Registered
Company
Services
Providers:

186

Notified Securitisation
Vehicles

48

*including 20 Securitisation
Cell Companies with 42 cells*

International banks, fund managers, insurers, corporate service providers and an array of other financial firms employ over 10,000 people in Malta.

Source: Malta Financial Services Authority. All figures as of end 2018 unless otherwise indicated.

RANKINGS

7th

out of 75 countries

**Open Market
Index 2017**

*International Chamber
of Commerce*

9th

out of 199 countries

**The Henley
Passport Index**

Global Ranking 2019

12th

out of 29 countries

**Digital Economy and
Society Index 2017**

European Commission

26th

out of 126 countries

**Global Innovation
Index 2018**

*Cornell University, INSEAD,
and the World Intellectual
Property Organisation*

29th

out of 189 countries

**Human
Development
Report 2018**

United Nations

36th

out of 140 countries

**Global
Competitiveness
Index 2018**

World Economic Forum

46th

out of 180 countries

**Index of Economic
Freedom 2018**

The Heritage Foundation

51st

out of 180 countries

**Corruption
Perceptions
Index 2018**

Transparency International

International Finance Centre Introduction

New Horizons

The smallest country in the EU, Malta has never been afraid to think big and set itself ambitious challenges. One of the most dynamic countries in the world, the island has developed into a vibrant international financial centre and one of the most competitive investment locations in the EU.

The country aspires to grow and has set its sights on becoming a global leader in the world of digital finance. Blockchain technologies are seen as key to sustaining the growth the finance sector has enjoyed throughout the years.

Asset, wealth and insurance management have become the power bases of Malta's financial services sector, which has not only expanded in recent years but also internationalised like never before. Malta today can stand tall among Europe's financial hubs and is developing new credentials in a range of sectors such as payments, fintech and Distributed Ledger Technologies (DLTs). Viewed as a particularly business-friendly location, the Mediterranean island is a favoured entry point to the European Union because of its robust, EU-compliant regulatory framework, diverse financial ecosystem and deep talent pool. In positioning itself for the next stages of growth, Malta is rising to the challenge of maintaining its reputation as a robust jurisdiction that has nothing to hide and wants to send a clear message that Malta is no place for financial secrecy.

Onshore Standards

The seeds of Malta's modern-day finance centre were sown in 2004 when Malta was seeking membership of the EU and began to harmonise its legislation, incorporating best practices from the world's most respectable international business centres. Malta introduced a strong supervisory framework as well as a competitive, transparent regime approved by both the EU and the Organisation for Economic Co-operation and Development (OECD). Over the years, the island has continuously ensured that its laws, including anti-money laundering (AML) and combating the financing of terrorism (CFT) rules, are fully aligned with European and global standards. These initiatives have strengthened Malta's position as a competitive and transparent European finance centre.

Specialist Services

For an island nation of just 460,000 people, Malta has built up a remarkably diverse financial services portfolio. The finance sector has grown by 20% annually and accounts for 11% of the country's GDP, providing almost 10,000 jobs. Today, more than 20 banks have established operations in Malta, although only a handful of these are active in the local market. Most use the island as a platform from which to conduct specialised asset financing, corporate banking, trade finance services and payment services. The insurance sector has experienced an upsurge due to the presence of expert insurance management services, and Malta is now regarded as one of the world's leading captive insurance domiciles. While there are around 600 investment funds domiciled in Malta, the country has proved particularly attractive to fund platforms, managers and administrators who are servicing funds internationally from the island. Malta has also developed into an important wealth management location. High-net-worth individuals, wealth managers and family offices are increasingly availing of the country's wide range of investment vehicles, including trusts and foundations.

Key Players

As Malta's status as a financial centre has grown, the island has attracted international credit institutions such as HSBC, and today hosts some 30 fund administrators and more than 65 insurance companies. Fund administrators such as Apex and Citco have a presence in Malta, along with insurance specialists Munich Re, Aon and Marsh. In addition, multinationals such as BMW, Peugeot, Citroën and Vodafone have set up captives on the island.

Regulatory Transformation

Malta has gained a reputation for striking a good commercial balance by providing an appropriate legal framework without over-regulating in a way that might inhibit growth and innovation. Over the years, the island's financial services regulator, the Malta Financial Services Authority (MFSA) has also worked together with the industry in developing the required capabilities, capacity and regulatory frameworks to move into new lines of business. Malta's finance community unanimously refuses to be labelled as a tax haven and insists that companies have more than 'brass-plate' operations. The island is fully committed to the efforts undertaken by the OECD in combatting Base Erosion and Profit Shifting in international tax structures.

No country is fully immune from bad actors, and Malta, like other finance centres, is currently increasing the resources to ensure all companies play by the rules. The MFSA is undergoing a complete overhaul and upgrading of its regtech infrastructure along with the strengthening of its regulatory powers. The actions being taken are clearly having the desired effect as business continues to flow to Malta, which fact is a strong endorsement of the steps the country is taking.

Market Access

An important factor that contributes to Malta's past and current success as a finance centre is its EU membership, which gives financial institutions based in Malta access to the rest of the single market. With a view to Brexit, Malta is pitching itself as a co-location rather than a relocation destination, from where companies can offer services for the EU market.

The island's geographic position in the middle of the Mediterranean and its close proximity to North Africa and the Middle East also make it a good stepping stone for financial companies wishing to target Africa and the Arab world.

Fintech Hub

Malta's finance industry has expanded its portfolio into profitable niche areas such as pensions, payments and securitisation, while opening its doors to fintech entrepreneurs. Malta is fast becoming a hotbed for blockchain activity. The island has received a lot of positive attention for its decision to regulate DLTs. A new authority, the Malta Digital Innovation Authority will oversee the sector, while tokens, virtual financial assets, DLT exchanges and fintech apps will be regulated by the MFSA. Malta has a strong vision for the development of the financial services sector and believes that by providing a strong regulatory environment for the blockchain sector, Malta can grow to be a leading player in the industry.

Investor Trust

Malta's finance sector continues to grow, and it remains one of the most competitive choices in Europe. Investors believe in Malta: while new and innovative companies are moving into the country, many of the long-established businesses are reinvesting. Pragmatic regulation, creative innovation and service diversification are just some of the strings in Malta's bow. The island is betting big on digital finance and blockchain technologies as a long-term growth niche that will make the finance centre's future even brighter. ■

**Networking • INNOVATION • Euro
AMBITIOUS • International • FLEXIBLE
Opportunities • BUSINESS FRIENDLY
PREDICTABLE • Diversity • EU REGULATION
Tech Hub • DYNAMIC • Quality of Life
TELECOMS • Specialist Knowledge**

**SUPPORT • Professional • TALENT GROWTH
Ecosystem • LOW CRIME • Booming
START-UP HUB • Cost-Competitive
Family Friendly • SINGLE MARKET
EU PASSPORT • Island Flair • PRACTICAL
Tax • PRO-BUSINESS GOVERNMENT**

In their words: How CEOs describe Malta



30 Reasons to Invest

Malta is where regulatory innovation and emerging technologies complement each other, creating the right conditions for financial companies, both big and small, to thrive. Add to this a seasoned talent pool, strong language skills, a competitive business environment and high quality of life, and it becomes clear why investors believe in Malta, its potential and its future.

A Diversified Finance Centre

1 Malta plays host to one of the most dynamic and globally connected international finance centres, which is quickly gaining a reputation as an incubator for innovation. The depth and breadth of Malta's financial sector along with its world-class products and services is what gives Malta the competitive edge over other jurisdictions. A transparent international business partner, Malta offers investors a diverse portfolio of high-quality and well-regulated services for funds, insurance, securitisation, trusts and foundations, banking and financial institutions, payments, blockchain technologies, maritime and aviation management services.

Fast-growing Economy

2 Rated as one of Europe's best performing and one of the fastest growing economies in the world, Malta has seen steady GDP growth in the region of 5% per annum in recent years. For a small island nation, Malta's economy is surprisingly diverse. Financial services, iGaming, tourism, maritime services and high-value manufacturing are among the sectors that form the basis of the economy.

One Regulator

3 Malta has one financial services regulator, the Malta Financial Services Authority (MFSA), which means companies can benefit from reduced bureaucracy and more streamlined processes. Viewed as serious yet approachable, the MFSA strives to ensure that rules and regulations are flexible enough to allow innovation without compromising the highest standards of consumer protection.

EU Advantage

4 Malta's EU membership provides companies with access to the Union's massive internal market of over 500 million people, but the island's connections go far beyond that, and Malta is an ideal jumping-off point for accessing the growing markets in Africa and the Middle East.

Professional Services

5 The international business community is strongly supported by an impressive selection of corporate service providers as well as accounting and auditing firms, ranging from small boutique practices to the global 'Big Four' accountancy firms. In addition, a large number of law and consultancy firms operate on the island, providing new entrants with the right insight and guidance to make the most of the opportunities that Malta's finance sector offers.

Access to Decision-Makers

6 Malta's size makes access to decision-makers relatively easy. The MFSA is approachable and offers face-to-face meetings with international companies seeking to operate from Malta – a level of access that is rare in other finance centres.

Global Names

7 The rising status of Malta's International Finance Centre is reflected in the increasing number of international brands that operate from the island. Companies such as HSBC, Aon, March, Munch Re, Citco and Apex have been based in Malta for many years and are among the companies that continue to re-invest on the island. In addition, a number of Fortune 500 companies have set up operations here, including multinationals such as BMW, Citroën, Peugeot and Vodafone.

Connected to the World

8 Malta International Airport offers connections to almost every major city in Europe and to key destinations in North Africa and the Middle East, including direct flights to major finance and business centres such as London, Frankfurt, Paris, Dubai, Istanbul, Amsterdam and Madrid. Rated as one of the best small airports in the world, it is well equipped to meet the needs of business travellers. Malta also has a thriving business aviation sector, including many private jet operators who are providing flexible travel alternatives to discerning executives.

3 REASONS TO INVEST

Competitive Tax System

9 Companies are taxed at 35% on all profits, however shareholders may claim a 6/7ths refund on the distribution of a dividend, which effectively reduces the corporate tax burden to 5%. Malta's tax system has been approved by the European Union and the OECD. Further increasing Malta's attractiveness is a network of over 70 double tax treaties, which include most global and developing economies in the world.

Cost Advantage

10 Malta's main draw-card is the ease of doing business and the cost of operations on the island. Research has shown that Malta is generally 20 to 30% cheaper than other European centres, while a company's start-up capital may last three to five times longer.

Strong Telecoms and Data Infrastructure

11 Malta has one of the most advanced and competitive telecoms and data infrastructures in Europe. Large investments in recent years have resulted in state-of-the-art networks with international connectivity. Companies can choose from a wide range of IT solutions providers to effectively manage their technology needs.

Company Formation

12 Malta has put in place a wide selection of innovative business structures that investors can choose depending on their needs. The Malta limited liability company can be used for a variety of activities, including holding and trading, mergers & acquisitions, asset management, insurance, securitisation and family offices. In addition to this, Malta offers trusts, foundations, cell companies, as well as specialised securitisation and asset management vehicles.

Blockchain Island

13

Malta is leading the charge in disruptive technology and has established the world's first regulatory framework for blockchain, cryptocurrency and Distributed Ledger Technologies. The country is now setting its sights on developing a robust regulatory framework for artificial intelligence, Internet of Things, quantum technology and big data.

Start-up Hub

14

Start-ups, especially those in fintech, find Malta a particularly attractive place due to the concentration of industry players, talent and suppliers on the island. While still remaining affordable, Malta offers the right conditions for tech companies to develop, launch and scale their products.

Strong Work Ethic

15

With its combination of a pleasant Mediterranean lifestyle and British-influenced work ethic, Malta is fast becoming one of Europe's most sought-after business centres.

Productivity Levels

16

Malta's productivity level compares well with other European countries. Despite the Mediterranean's famously laid-back lifestyle, this reputation might be misplaced when looking at Malta. Maltese workers are known for their strong ambition and can-do attitude.

Speed to Market

17

Speed to market has been the key selling point of Malta's finance centre for many years. The island's single regulator has simplified many of its processes and cut through much of the red tape that affects the competitiveness of the island's finance centre while ensuring to maintain the integrity of the financial system.

Stamp of Approval

18

Malta's financial services legislation is tried and tested and in line with EU law. It also received the stamp of approval from global institutions such as the OECD and the IMF, while the island's economy has been given a clean bill of health by all major rating agencies.



A Safe Haven

19 Malta boasts one of the lowest crime rates in Europe, making it one of the safest and most enjoyable countries to live, work and invest. Despite welcoming two million tourists per year and being one of the most open international business centres, the island still exudes a remarkable family-friendly atmosphere.

Educated Workforce

21 Malta's workforce is well educated, ambitious and adaptable, with a wide range of specialisations on offer. The island has become a hotspot for expat employees who now account for 30% of the workforce.

Work-Life Balance

22 Malta is renowned for its excellent quality of life. The island's small size and well-balanced rhythm offer the perfect work-life balance and opportunity to enjoy the proverbial eight hours of work, eight hours of play and eight hours of sleep.

Standard of Living

23 A small cosmopolitan country, Malta offers an excellent standard of living but without the high costs of its European neighbours. Considered to be among the best countries in the world for expats, the island allows for a kaleidoscope of lifestyle choices ranging from urban chic to Mediterranean rural.

English-speaking Country

24 English, the global language of business is one of Malta's two official languages, along with Maltese. Laws and regulations are published in both languages. Many Maltese are also fluent in Italian and some even speak a fourth language, usually German or French.

Infrastructural Improvements

20 Malta has the infrastructure that anyone would expect to find in a prosperous city-state, although the influx of companies and foreign professionals has prompted government and the private sector to initiate a major overhaul of the country's infrastructure and built-environment.

3

REASONS
TO
INVEST

A Warm Welcome

25 Malta is one of the most open and welcoming countries to international professionals. While EEA citizens can live and work in Malta with no restrictions, non-EU nationals require an employment permit, however highly specialised professionals can benefit from a fast-track service.

Talent Incentives

26 With talent being the lifeblood of the financial services industry, Malta offers highly qualified foreign professionals a 15% income tax cap to attract the best and brightest to live and work on the island.

Full Support

27 The financial sector enjoys the full support from Malta's political leaders who are committed to ensuring the growth of the sector by responding to emerging trends and positioning Malta as a hub for digital and financial innovation.

Sunshine Island

28 Malta is one of the easiest places to relocate to in the EU, and residents enjoy an exceptional standard of living: 10 months of sunshine, an English-speaking population and a Mediterranean island setting in which it is easy to become a local.

Perfectly Timed

29 Malta lies in a convenient time zone for doing business across the world: one hour ahead of GMT, meaning office hours coincide with Asia in the morning, Europe throughout the day and the US in the afternoon.

All Round Package

30 With a favourable business environment, a strong economy, EU membership, a skilled and dedicated workforce, good communications and a geographical position straddling the major trade routes, Malta offers businesses one of the most attractive all-round packages available.





KEY SECTORS

Banking

Malta's banking sector has grown in both size and stature on the back of Malta's ever-expanding economy. The island's banking landscape has transformed itself from just a few retail banks serving the local population to over 24 credit institutions offering the full range of retail and commercial banking services as well as trade finance, investment services and custody services to consumers, corporations and institutions. The domestic market is dominated by two major banks: Bank of Valletta (BOV) and HSBC both of which have an extensive branch network on the island. Competing head-to-head with the big banks are smaller local institutions that include APS Bank, Lombard Bank, BNF Bank and MeDirect. The domestic banks follow a conservative and traditional banking model, which has largely insulated them from global financial upheavals. Bank funding depends on retail deposits rather than wholesale borrowing. Foreign banks such as Sparkasse, FIMBank, FCM Bank, IIG Bank, MFC Merchant Bank, NBG Bank and AgiBank have also sought to carve out a niche for themselves in the local market, offering corporate banking and deposit accounts in addition to their international business.

Malta's banks maintain substantial liquidity, adequate capital and prudent lending policies. Banking legislation is founded on EU legislation and is compliant with the Basel Core Principles. The supervision of the island's largest banks falls under the remit of the European Central Bank (ECB), while the Malta Financial Services Authority is in charge of the supervision of all other institutions.

International Banking

International banking institutions have long been calling Malta home. Some of the longest established international banks in Malta are branches of Turkey's Akbank and Australia's CommBank. More banks discovered the country as a platform for business when Malta joined the EU in 2004, offering banks regulated in Malta EU passporting opportunities and access to the EU market. Today, banks originating from the UK, Turkey, Qatar, the US, Czech Republic, Finland, Bahrain, Ireland, Greece and Holland have operations in Malta. Those banks have no or little interaction with the Maltese economy. They do not take local deposits, but rather focus on business with non-residents or intragroup transactions supporting their parent bank. Alternatively, they concentrate their activities on areas such as trade and project finance, syndicated loans and investment banking. In fact, many of them hold executive responsibility for specialised areas of their group's global operations.

While Malta's banking sector has grown significantly in recent years, Malta's expanding economy, coupled with an influx of foreign talent and companies, has led to a growing demand for banks that support the niches that Malta's finance sector has built up, namely private banking, wealth management and investment services. **The island offers remarkable growth opportunities for banks that are ready to seize a share of this business. The biggest opportunity lies in custody businesses, where the limited number of custody banks affects the growth of the fund industry.** The island is also a land of opportunity for credit institutions looking for an EU-compliant, yet flexible, domicile that provides access to the EU market and the neighbouring countries of North Africa. The emerging economies of the region are in need of infrastructure development, offering opportunities in the area of project finance.

In times when digital solution providers challenge traditional banking models like never before, Malta's banking sector has caught the attention of fintech entrepreneurs and payment companies, which have established operations on the island offering their solutions in Malta and abroad. They have nurtured a new financial cluster that is only set to grow in the coming years, along with Malta's emerging status as a blockchain and cryptocurrency hub. The island has positioned itself as pioneer in the regulation of Distributed Ledger Technologies, which makes it attractive for smaller, innovative institutions looking to establish operations in the country.

Capital Markets

The Malta Stock Exchange (MSE) is one of the newest additions to Malta's International Finance Centre. Traditionally serving the Maltese market, the MSE is seeking to position itself as the preferred market of choice for international small cap companies with growth potential and asset-backed securities. With a market capitalisation of €12 billion, the MSE is small by international standards, but the introduction of internationally recognised technologies has significantly enhanced its appeal as a listing venue. The exchange uses Deutsche Börse's Xetra trading platform, connecting over 4,000 traders in 16 different countries, and has linked up with Clearstream, Deutsche Börse's liquidity provider, on the settlement and custodial site.

Seeking to emulate the success of exchanges in Luxembourg and Dublin, the MSE is looking to attract mid-tier corporates in need of a very cost-effective venue for their first listing, and non-EU entities aiming for a secondary listing in order to tap the European money market. The biggest opportunity for the MSE to raise its international profile is in securitisation. The MSE's market for debt securities, the Institutional Financial Securities Market (IFSM), serves issuers targeting institutional investors. It offers the ability to create securitised instruments tailored to issuers' own corporate requirements as well as to investor groups' specifications. In addition to providing conventional listing products, the MSE has developed a start-up market called Prospect, which is aimed at European and international SMEs who want to enjoy the ability to attract capital and investors from across the European Union. Malta is also looking at putting in place a whole suite of alternative products such as Exchange-traded funds (ETFs) and real estate investment funds (REITs).

What sets the Malta Stock Exchange apart from its competitors is its very high level of personal service. The small size of the MSE means it is able to provide a more intimate, tailored and fast service at very competitive prices, which goes a long way towards ensuring a successful listing.



Funds & Asset Management

The fund industry has been one of the cornerstones of Malta's International Finance Centre. When Malta initially launched its fund offering, it proved exceptionally popular with fund managers who set up operations on the island and used Malta as a management location and for fund structuring. This in turn attracted the attention of many of the world's leading administrators, setting Malta on course to be one of the top three fund jurisdictions in Europe, along with Luxembourg and Dublin. However, the number of new funds domiciled in Malta has remained relatively flat in recent years. The reason for this is widely being seen in the lack of top tier custodian banks that could serve the larger alternative funds, which are required to have local custodians after a change in EU legislation. While fund listings may have slowed, the influx of fund managers has continued unabated, and Malta has become a go-to-location for fund managers and fund administrators who service funds not only in Malta but also in other locations. **Today, the island hosts some 80 fund managers and more than 25 fund administrators.**

Malta's fund infrastructure caters particularly well for emerging funds and start-up managers due to its competitive cost base. Funds may be licensed as either Alternative Investment Funds (AIFs) or as Professional Investor Funds (PIFs). AIFs appeal to fund promoters wishing to passport the fund throughout the EU under the Alternative Investment Fund Managers Directive (AIFMD). The PIF licence is the licence of choice for smaller funds, which would benefit from certain exemptions contained in the AIFMD. The latest addition to Malta's fund framework is a manager-led product, the Notified AIF or NAIF, which has been designed to speed up time-to-market. A NAIF can be registered within 10 days and has proven exceptionally popular. Malta's legislation also provides for the setting up of UCITS (Undertakings for Collective Investment in Transferable Securities).

Malta offers flexible structures for asset managers, including Alternative Investment Fund Managers (AIFMs) and UCITS management companies. However, the island has become particularly popular among De Minimis AIFMs, which do not fall under the scope of the AIFM Directive. Due to the availability of plug-and-play solution, including cell company structures, the island has seen also significant growth in the number of fund platforms. Malta's overall drive into the blockchain world offers opportunities for the fund industry too, with the industry looking towards crypto funds and tokenisation as new growth areas. Fund custody is one area that needs to see substantial growth, with only a handful of firms offering custody services. The addition of one or two custody banks to Malta's fund sector is being viewed by many as something that could be transformative for Malta's next phase of growth.



Insurance & Insurance Management

Having attracted all the major names in the global insurance industry, Malta has become an international insurance hub on the back of its strong specialisation in captive insurance. Global corporations such as BMW, Peugeot, Citroen, Nissan, Liberty Global, Volkswagen, Vodafone and RWE have set up insurance companies or captives in Malta, while reinsurance providers Munich Re, Axeria Re and Argo Global, as well as international insurance managers such as AON, Marsh, Willis, JLT, Artex Risk Solutions and USA Risk Group have established operations on the island.

EU passporting rights and competitive operating costs are key attractions to locating to Malta. **The country also championed the introduction of innovative structures such as Protected and Incorporated Cell Companies. Both structures allow firms to write risks through cells within a core company and provide businesses with a cost-effective alternative to setting up a stand-alone insurance company.** Companies such as Swarovski, Amplifon, Travelodge, Ocado and TUI have set up insurance cells in Malta. The cell model is also applicable to insurance managers and brokers. The island's unique and tested cell company legislation could also prove a key attraction to insurers and tech companies seeking to utilise insurtech, blockchain solutions and smart contracts. Insurers offering or developing innovative solutions could use a cell in a PCC to test and deliver new applications, either by setting up their own PCC structure or by working with an established insurance company renting out cells.

Malta has also recognised the growing importance of insurance-linked securities (ILS) and catastrophe bonds, as well as the convergence of reinsurance and capital markets. The island has enacted legislation allowing for the formation of reinsurance special purpose vehicles (RSPVs) and securitisation cell companies (SCCs). These regulations strengthened Malta's role as an alternative risk transfer domicile as they link the insurance industry with the capital markets.

Malta's domestic insurance companies provide a range of different insurance cover types, from car to boat insurance, to home and business insurance. Many insurers are also offering innovative and creative policies addressing niche-market demands of financial services companies operating from the island. Companies that are primarily active on the local market include MAPFRE Middlesea Insurance, Atlas Insurance, GasanMamo Insurance, Citadel Insurance, Elmo Insurance and HSBC Life Assurance.

Corporate Structuring / M&A

Malta is playing a role in global deal making, capturing the attention of blue-chip corporations and corporate planners for international transactions and investments into Europe and emerging markets around the world. At a time when regulatory changes on EU and OECD levels are reshaping the international business landscape, Malta offers global corporations a package that includes fully EU-compliant legislation, low cost structures and highly developed professional services, all within a respected, well-regulated finance centre.

Malta emphasises that it is neither a tax haven nor a secrecy jurisdiction. The island keeps its regulatory framework in sync with the changing demands of the industry and in line with the requirements laid out at EU level. The country operates a full imputation tax system, which has been approved by the EU. Companies are taxed at a rate of 35 per cent. However, shareholders are entitled to a 6/7ths refund for the tax paid by the company. The country's Anti-Money-Laundering laws are all up to date, and a register of beneficial owners has been established to increase corporate transparency and accountability as well as to combat crime.

Incorporating a company in Malta only takes a couple of days. Every company must be registered with the Registry of Companies. The most commonly used vehicle for international business is the Limited Liability Company. **A Malta company is the ideal vehicle for a wide range of business activities, ranging from property ownership to the management of eCommerce activities and financial services provision.** A Malta company is also an ideal vehicle for cross-border acquisitions. Foreign companies usually establish a Malta company as a European base, which then either acquires another European company or group, or carries out a cross-border merger. Malta's network of 70 double taxation treaties further strengthens its position as a key corporate location.

Corporate Headquarters

Having built up a reputation as a centre for international business, Malta is increasingly ranked on decision makers' shortlists when it comes to choosing a location for a regional or international headquarters. The combination of its central Mediterranean location, highly skilled international workforce and high quality of life not only make Malta an attractive option for global companies, but also a destination of choice for multinationals looking for a location from where they can oversee investment in the developed and emerging countries of the region. With its central location, Malta is often regarded as the hub linking the EU's market of 500 million people and the rapidly evolving markets of Africa and the Middle East.

Doing business in and from Malta is easy. **The country has a highly developed business infrastructure, making it an advantageous base for region-wide corporate coordination and central management functions, sales, marketing and customer service.** A neutral, pro-business and economically stable country, Malta offers companies a positive climate from which to successfully compete in the region. A fiscally efficient tax structure leads the way and is complemented by a network of some 70 double-taxation treaties, facilitating international business and ensuring a smooth trading environment. Foreign companies based in Malta comment favourably on their experiences with their local employees in terms of productivity, profitability, dependability and rapid response times. Malta's low crime rate, Mediterranean climate, competitive personal tax rates, as well as its good educational and healthcare systems also make it an easy sell for American, Asian or European expatriate executives, particularly those with families.





Fintech

Malta is positioning itself as the go-to-place for innovative fintech companies, and among them, its many specialists in blockchain technology, insurtech and regtech. The island has already proved that it can develop a global tech-based industry. It has become the undisputed capital of the global iGaming industry and is today home to some 280 iGaming companies. The country offers financial software entrepreneurs the opportunity to be located in one of Europe's fastest-growing finance centres, in close proximity to potential contractors and investors. Companies are also using Malta as a springboard to nearby markets, in particular those of Africa, which is increasingly becoming a testing ground for new financial technologies.

Fintech companies have been drawn to Malta because the island provides a wealth of talent, both tech and finance. The local labour pool is deep enough to meet the needs of ICT employers across the range of technical and creative skills, while specialist knowledge can easily be sourced from overseas due to an incentive programme for foreign workers. Salaries are lower than in other Western European IT centres, such as the UK or the Scandinavian countries, thus enabling small and medium-sized companies to develop new products at affordable HR costs. International connectivity is also pivotal to the further development of this sector and is guaranteed by three operators providing international gateway services via fibre-optic cables to mainland Europe. **The island's small size makes it the ideal test environment for new technologies and ventures in need of a flying start. Companies can develop and test new products and services on the diverse, yet concentrated, local market before exporting their services and solutions to Europe and further afield.** In addition, established companies, seeking more innovative and economical solutions, are ready to partner and collaborate with new players, creating exciting opportunities for companies disrupting segments such as payments, insurance, investment as well as compliance in equal measure.



Blockchain & DLTs

Malta has developed standards that have the potential to push blockchain technology into the mainstream and disrupt the status quo of the finance industry in the years ahead. The "Blockchain Island" has launched the world's first holistic regulatory framework for Distributed Ledger Technologies (DLTs). The ultimate aim of the regulation is to bring legal order to a market environment that is mostly unregulated in order to ensure consumer protection and market integrity. **The framework initially captures DLT platforms and smart contracts, but the government is already working on extending its reach to other types of innovative technologies,** such as Artificial Intelligence (AI) and Internet of Things (IoT) technologies, paving the way for the next fintech revolution.

The island introduced a comprehensive set of rules and regulations and established a new regulatory authority – the Malta Digital Innovation Authority (MDIA). The MDIA, the first regulator of its kind in the world, certifies DLT platforms and smart contracts, while handling the voluntary registration of technology service providers. The MDIA works hand in hand with the Malta Financial Services Authority (MFSA), which has been tasked with the approval and supervision of Initial Coin Offerings (ICOs), as well virtual financial assets and crypto currency exchanges.

Malta has attracted plenty of international talent working in sectors such as iGaming and financial services, which can now be utilised for the growing blockchain industry. The fact that many of the biggest and brightest names in the blockchain and cryptocurrency industry have set up operations in Malta means that financial services companies can tap into Malta's vibrant, fast-expanding network of blockchain professionals to develop strategic partnerships and to test, market and scale innovative products.

Securitisation

With global demand for securitisation products growing, Malta is deftly positioning itself as a rival to Luxembourg and Ireland as a hub for onshore securitisation structures. The only EU member – besides Luxembourg – with dedicated securitisation legislation, Malta has become one of the fastest growing securitisation centres in the EU, and the number of securitisation vehicles has grown from just 18 in 2015 to around 50 by the end of 2018. These covered a variety of asset classes including lease and other receivables, various categories of loans and financial instruments and even container vessels.

Malta's Securitisation Act provides a robust creditor-friendly framework, which means greater certainty for many of the legal challenges that investors are typically faced with in any securitisation transaction. The Securitisation Cell Company offers an innovative vehicle for platform and programme structures. Malta is the first EU member state to legislate for the use of segregated cell companies, already popular in the insurance and funds sectors, for securitisation transactions. **The island also launched the Institutional Financial Securities Market (IFSM), a market for debt securities, asset-backed securities, derivative securities and insurance linked notes specifically designed for the institutional investors, which puts Malta at par and direct competition with the financial services hubs of Luxemburg and Dublin.**

Private Wealth

Malta's strengths as a private wealth centre lie in its holistic offering that caters for a wide spectrum of needs, including succession planning, investment advisory, corporate structuring, investment banking and even lifestyle administration. A wide range of investment vehicles is available – from simple trusts and company structures for families, to high value and more complex set-ups involving trusts, companies, investment funds and foundations. The country has an excellent legal infrastructure, which is supported by a strong community of local and international wealth managers who can combine all the separate strands into a unified and comprehensive wealth management offering.

Malta offers solutions to those clients who are interested in wealth preservation through trusts and foundations and to those who want to achieve yield through investment funds and the like. Malta's updated trust law brought about the introduction of the Private Trust Company (PTC), which offers interesting opportunities to high-net-worth individuals and families who prefer tailor-made trust solutions. The country's fund administrators and managers have a solid track record in setting up and managing different investment vehicles for institutional and individual investors. Asset management companies in Malta have launched fund platforms, which are exclusively open to family offices and third-party managers to provide them with an efficient and cost-effective solution to enter the market.

There is an increase in the number of investors looking at Malta vis a vis their preference for physical assets. The island offers significant advantages for yacht and aircraft registration, and boasts a collection of prestigious residential homes that can be purchased for occupancy or as an investment. In addition, Malta is positioning itself as an attractive place for high-net-worth individuals to reside due to the introduction of citizenship and residency by investment programmes. High-net-worth individuals are also beginning to show interest in investing in Initial Coin Offerings (ICOs) and holding cryptocurrencies. With its dedicated regulatory framework for Distributed Ledger Technologies, wealth managers and investors should have Malta on their radar to make the most of emerging opportunities.

Malta's Private Wealth Tools:

- Trusts & Foundations
- Malta Company
- Investment Funds
- Residency & Citizenship
- Yacht and Aircraft Registration
- Cryptocurrencies

Family Offices

Malta is becoming a popular family office destination due to its business- and wealth-friendly environment. One of the key attractions for family office providers is the country's regulatory framework that surrounds the wealth management industry and the smooth licensing process for trustees, foundation administrators and investment advisors. **By locating both the administration and asset management functions in Malta, affluent families and their advisors can benefit from low administrative costs, simple licensing arrangements and an effective regulator in the form of the Malta Financial Services Authority (MFSA).**

In seeking to attract wealthy families and their 'chief financial officers', Malta points to its regulatory frameworks for holding companies, investment funds and fund platforms, as well as for trusts and foundations. The country is also constantly developing new solutions that can be used in a family office setting, including a citizenship-by-investment programme, as well as a number of residency programmes. These programmes are seen as important catalysts for the transformation and growth of Malta's wealth management sector in general since they bring affluent people to the island. The trust law has also been updated and includes the concept of a family trust. For a family trust, a company can be set up so that it exclusively acts as trustee to this particular family trust, thereby allowing for greater control and confidentiality, as well as tailor-made solutions to reflect particular family needs.

A strategic port of call for superyachts crossing the Mediterranean, the introduction of extensive VAT incentives for the registration of yachts under the country's flag and the excellent infrastructure of the country's marinas, make Malta a logical choice to base a yacht. Malta also offers attractive solutions to purchase and manage aircraft and has developed a strong legislative framework that has paved the way for the easy registration of private jets.

It is estimated that there are between 5,000 and 10,000 family offices worldwide, and the number of ultra-high-net-worth individuals (those with at least US\$30 million in net assets) is set to grow. Malta's strategic position in the Mediterranean, sound legal framework and operational advantages are expected to help family office services to expand.

Trusts & Foundations

Ranked among the premier league of trust jurisdictions, Malta has also acquired a robust reputation as a domicile for foundations. While the country has been a prominent player in administering private wealth structures for almost 30 years, the latest legislative update of its Trusts and Trustees Act brings the country in line with international trends and rival trust jurisdictions, ensuring that Malta remains one of the 'go-to' names for those in search of wealth management solutions. One major amendment is the introduction of Private Trust Companies (PTCs), whereby **a family trust can hold assets to the benefit of one specific family and the trustee must be a company that only provides services to that specific family trust.** Malta's trust law also allows settlors to establish trusts governed by a foreign law, and foreign trusts are fully recognized, which offers clients the freedom of choice should they have a preference for the law of another jurisdiction.

As an alternative to trusts, Malta offers the possibility to set up foundations. This means Malta is one of the few places in the EU catering for both trusts and foundations. This 'marketable advantage' has attracted some 150 service providers, including independently owned trust companies and smaller niche providers to the Mediterranean island. This yields a highly competitive landscape for clients who are spoilt for choice when choosing a service provider. Both trustees and foundation administrators must be licensed by the Malta Financial Services Authority and are legally bound to treat the interests of beneficiaries as paramount. A Maltese trust or foundation offers security, assurance and flexibility in an EU-regulated environment, while maintaining the principle of confidentiality that clients expect.

Global Citizenship & Residency Planning

As more and more individuals are seeking opportunities beyond their countries of origins, Malta's residency and citizenship by investment (RCBI) programmes are attracting increasing attention from high-net-worth investors and entrepreneurs from around the world. RCBI programmes have become an appealing option for affluent entrepreneurs and investors who are seeking visa-free travel to live, work and invest around the world.

Malta's Individual Investor Programme (IIP) offers foreign nationals the possibility to obtain Maltese citizenship. A Maltese passport offers visa-free access to some 170 countries. The IIP requires an investor to pay €650,000 to the National Economic and Social Development Fund, purchase property having a minimum value of €350,000 or lease a property for a minimum annual rent of €16,000, in addition to investing €150,000 in government-approved financial instruments. **Malta is aware that citizenship is a very complex and sensitive matter, and therefore has developed a four-tier due diligence system to ensure that applicants are bona fide and worthy of Maltese citizenship.**

The Malta Residency and Visa Programme (MRVP) grants international investors residency in Malta and a visa by which they can access the Schengen area. Applicants cannot be citizens of the EU, the EEA and Switzerland and are required to invest in property on the Maltese Islands. If purchased, the property needs to have a minimum value of €270,000 in Gozo or the South of Malta, or of €320,000 elsewhere in Malta. Renting property is an alternative; the annual lease must be between €10,000 and €12,000. Applicants must also commit to investing €250,000 in Government bonds, and this investment must be held for a minimum period of five years. In addition, the applicant needs to declare either an annual income of not less than €100,000 arising outside Malta or capital of not less than €500,000.

Corporate Treasury

Malta ticks all the boxes for regional and global treasury operations. The country's wide tax treaty network, low corporate and income tax rates, as well as a mature banking sector are key attractions for treasury executives. Malta's competitive operating costs, which are 20 to 30% lower than those in other Western European locations, further helped the island gain a foothold in the treasury sector. Renowned groups have chosen Malta to set up regional or worldwide treasury operations.

In most cases, multinationals want a single platform that can offer them an overview of their position, and many of them have come to appreciate the advantages of a Malta company, which can be established to function as Group Treasury for related companies in Malta and abroad. For smaller corporations preferring to outsource treasury functions, a number of providers, including the 'Big Four' accountancy firms, and smaller organisations, offer a full range of financial management and transaction services to their clients. Cash pooling, leasing arrangements, asset management, risk management and payment services can all be procured from the same treasury service, whether the client is a single entity or a group of companies.

Brokerages & Exchanges

Capitalising on its growing financial centre and strong telecom and digital infrastructure, Malta has caught the attention of online brokerage and trading platforms. **The country's EU-compliant regulatory framework has been a great draw for companies offering shares, indices, forex, metals, CFD, virtual financial assets and cryptocurrencies.** With traders and consumers demanding ever more transparency across each transaction, Malta has imposed tighter checks on systems and risk controls, as well as tougher capital requirements and leverage limits for brokerage companies. These measures are seen as important to retain investor trust. As the brokerage and trading industry enters the next phase of its evolution, consumers and companies are increasingly viewing a licence from the Malta Financial Services Authority (MFSA) as a real seal of quality.

Islamic Finance

As a relative newcomer to the Islamic finance industry, Malta is increasingly marketing Islamic finance as part of its product offering. There is growing momentum to adopt and set up Special Purpose Vehicles (SPVs) and Malta trusts for Sharia-compliant transactions. There are also opportunities for Sharia-compliant investment funds and insurance products, although these have yet to be explored. The Malta Stock Exchange launched a Sharia Equity Index, which has been certified Sharia compliant by Dubai's Islamic finance consultancy firm Dar Al Sharia. The greatest opportunity for the sector though emerges from developments in the fintech sphere: **blockchain technology could transform the sector as it could eliminate uncertainty in transactions as well as reduce settlement time and complexity, which Sharia-compliant financial agreements tend to possess.** Practitioners believe that Malta could become the place where new Sharia-compliant financial products using blockchain technology are developed.

Intellectual Property

Malta's vision for the future is to become a trusted platform for international IP transactions offering support across the entire IP value chain, including protecting, managing and commercialising ideas and innovations. The legal system protects the full range of IP rights, and the country is a signatory to all major agreements in this field, ensuring the enforceability of IP rights in Malta as well as in other countries. IP rights can be filed in, or through, Malta, and a number of international corporations have discovered the benefits of using Malta to set up dedicated companies that can hold and manage their IP rights worldwide. **An IP holding company may be incorporated as a normal limited liability company registered under the Companies Act, which can hold, license and market any type of intellectual asset, including trademarks, software copyright, brand-names, patents, and designs.** Other assets, such as trade secrets, know-how and domain names can also be owned by a Malta company in order to enjoy the same benefits. The company can enter into licence and franchise agreements with other persons wishing to exploit these rights and may also acquire IP rights from third parties – for instance, in the context of a merger or acquisition, whereby the IP rights are acquired separately as part of the acquisition of the business. This method of structuring means that the IP-holding company can benefit from Malta's competitive tax regime and will have access to the country's wide network of double taxation treaties.



Arbitration

Malta has made great strides in creating a neutral and welcoming environment for arbitration. A central location with links to Europe, the Middle East and North Africa, Malta's high professional standards in the legal and technological fields, along with the support offered by the Malta Arbitration Centre (MAC), have helped arbitration gaining traction. **The Arbitration Act is based on the Model Law on International Commercial Arbitration set out by the United Nations Commission on International Trade Law (UNCITRAL), which created a legal framework that gives parties all the necessary flexibility for arbitral proceedings.** Thus far, most arbitration cases are of a local nature, but Malta's robust, internationally oriented economy and concentration of companies engaged in cross-border business means it holds significant potential as an international arbitral venue.

The island is interested in joining forces with the private sector to push arbitration to the next level and establish itself as a preferred hub for international arbitration. Efforts are underway to find a private partner with a proven track record in cross-border disputes for the management of Malta's international arbitration business. Registry fees are lower in Malta than in other arbitration centres, such as London or Paris, which makes the country an ideal location for arbitration of trans-border contracts. In addition, the entire process is underpinned by an efficient infrastructure, which is comprised of educated English-speaking professionals who have experience in dealing with international businesses. Given the growing interest in arbitration, Malta is sure to see an increase in the number, size and complexity of international arbitration cases handled over the coming years.

Maritime & Yachting

Malta has built up the largest maritime cluster in Europe thanks to its appealing regulatory framework and service culture. **The island hosts Europe's largest shipping register and is fast gaining a reputation as a top location for the yacht and superyacht industry.** Malta's well-run international maritime register with high service and safety standards is today attracting clients from as far away as Asia and Latin America.

Transport Malta, the regulator of the industry, goes to great lengths to emphasise that Malta is a flag of confidence and not one of convenience. The island's status as an EU member state, its state-of-the-art maritime framework and the excellent safety records of Malta-flagged ships helped the island to be officially classified as a low-risk flag. Ship owners appreciate that Transport Malta is on call 24-hours a day to deal with managers or ships' staff on any difficulties arising. Registration costs and the fees of service providers have remained affordable, while the Maltese flag also offers an advantageous tonnage tax system, which has just been approved for a period of 10 years by the European Commission under EU state aid rules. Malta also offers specific incentives for yacht owners to register their yachts, including superyachts (vessels over 24 metres in length), on the island.

Malta boasts the third-largest transshipment port and has cultivated world-class support services to provide the best possible facilities and expertise to ship owners, financiers and operators who choose to become a part of Malta's rich maritime industry. Maritime litigation is a key growth area for the future. The Maltese government has announced its intention to set up a maritime court and to overhaul the maritime legal framework. Initiatives such as these are aimed at positioning Malta as a maritime hub providing all-embracing maritime legal and corporate services. The country is destined to see future opportunities arising in banking and insurance, while Malta's maritime community is convinced that it can compete with European ship management jurisdictions by developing and offering a greater level of sophisticated ship management activities.

Aviation

Malta's aviation sector represents a textbook definition of a cluster, encompassing maintenance, aircraft registration, leasing, finance as well as crew and flight training. Its legislative framework has turned Malta into a recognised address for the registration of both private and corporate jets, while maintenance, repair and overhaul (MRO) providers have long discovered Malta to be a profitable base. Lufthansa Technik, along with Vistajet, one of Europe's largest private jet operators, are among the firms that have operations on the island. Aviation is today one of the fastest growing industries in the country, and the government sees significant potential for further growth by attracting more aircraft leasing, finance and charter companies.

The country's expanding aviation register is generally regarded as a key driver behind the growth of the industry. Malta's Aircraft Registration Act strives to do away with unnecessary red tape and regulatory burdens, while maintaining the added protection of being fully recognised by Maltese and EU law. The legislation allows the registration of an aircraft while it is still under construction, the recognition of fractional ownership and the regulation of trust agreements in relation to aircraft. The regulator, Transport Malta, offers fees that are amongst the lowest in the EU, as well as streamlined regulations that are in full compliance with the international safety standards set out by the European Aviation Safety Association (EASA).

The country has long ratified the Cape Town Convention, which is widely recognised as the market standard in aircraft finance. Besides, Malta is well placed for the structuring of air finance deals through various methods, such as syndicated loans and securitisation. A wide variety of asset classes can be securitised under Malta's Securitisation Act, including lease/charter payments for aircraft. In addition, the regulator has developed a procedure for aircraft leasing which makes the purchase and subsequent lease of an aircraft more attractive, whereby VAT becomes due only for the time an aircraft operates in the European Union. With 40% of the world's aircraft being leased today, aircraft leasing proves to offer tremendous future opportunities for Malta to position itself as a Mediterranean hub alongside established or emerging centres.



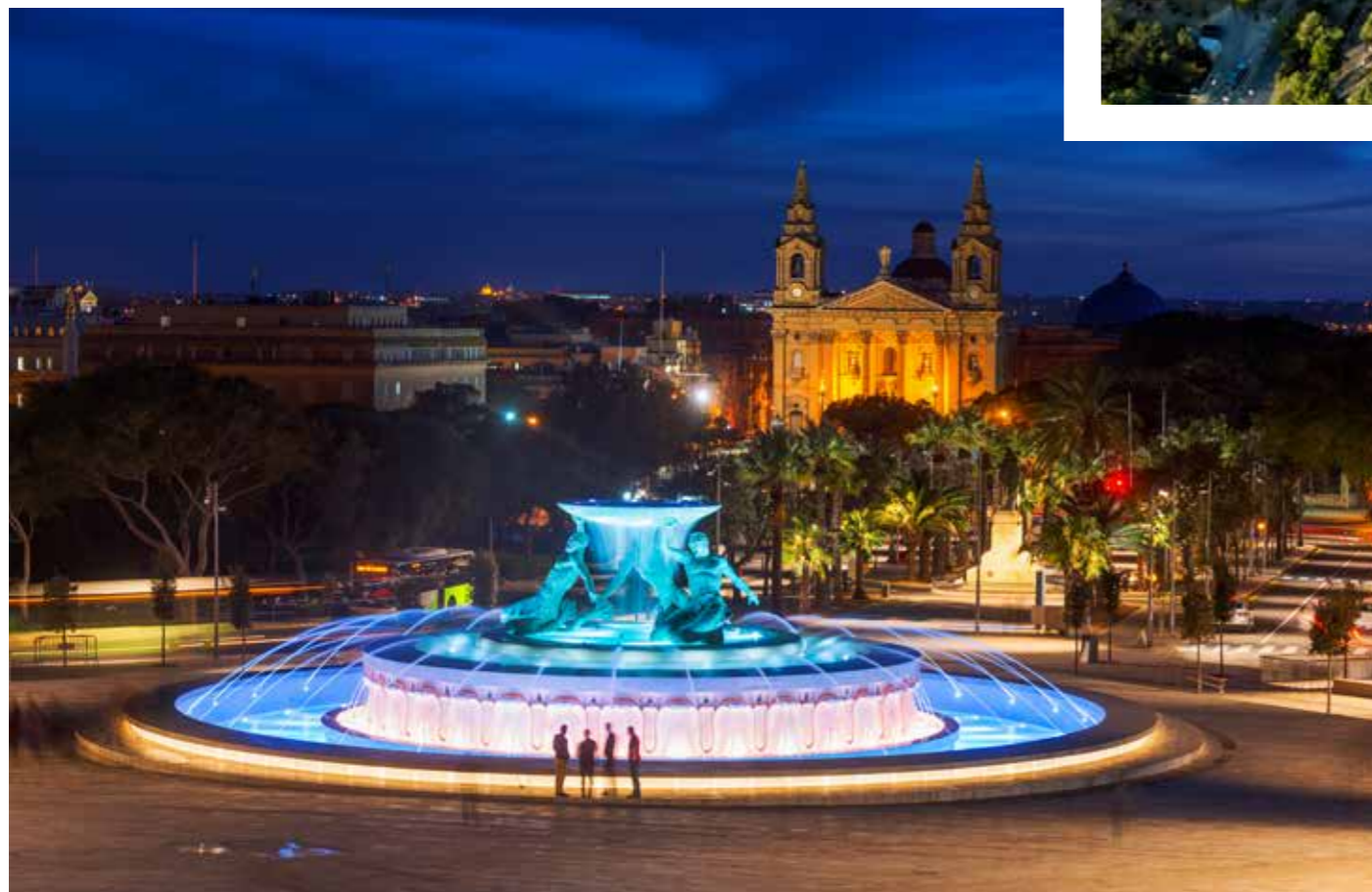
Payments

Malta has built up a competitive cluster of payments companies, including e-wallets, payment-processing platforms, card issuers and acquiring institutions. A number of specialist Payment Card Industry (PCI) compliance testing service providers have also established operations in Malta. Given the concentration of high-tech, online and financial businesses on the island, they find an environment that it is welcoming to disruptive and innovative ideas.

Both business and private consumers have a strong appetite for next-gen payment solutions that can enable cheap, real-time transactions. Many smaller companies, start-ups and entrepreneurs today turn exclusively to these institutions for their financial needs.

With safety and security being an obvious concern for consumers, and the desire of companies to be based within a reputable EU jurisdiction, Malta offers payment companies the opportunity to operate in a well-regulated environment and service customers in all countries of the European Union. **Malta's legislation is modern and sophisticated, ahead of many of its competitors in the areas of eFinancial services regulation and facilitation.** The legislative and regulatory framework places great emphasis on anti-money laundering and anti-fraud measures, while the recent development of a framework for Distributed Ledger Technologies (DLTs) means Malta is well placed to play a leading role in the next fintech wave, with cryptocurrency wallets and exchanges moving operations to the island.

The Maltese authorities are committed to realising their vision of a high-tech financial centre and are inviting more payment businesses to set up in the country. Malta provides entrepreneurs with significant opportunities to win business internationally. Passporting rights offer access to European markets, making Malta a convenient location for the European headquarters of American and Asian financial institutions wanting to enter the EU market, while the country's geographical location means companies can use the island as a springboard to markets in Africa and beyond.



Shared Services & Outsourcing

Malta has established itself as a powerful outsourcing partner that is increasingly winning high-value deals and offering knowledge-based solutions. As an EU member, Malta provides a high degree of regulatory certainty that companies appreciate, and Malta is considered a prime location for functions involving sensitive customer data and requiring specialised skills.

Malta's journey in the shared services industry started in the call centre segment due to the fact that English is one of Malta's official languages. Call and contact centres remain a prominent theme in Malta's outsourcing offering, although the focus today is on email, chat support and social media rather than phone calls. Boasting large numbers of accounting firms, including boutique practices and the 'Big Four', accountancy is the biggest outsourcing sector. Companies are also offering foreign clients back-office services, such as the processing and recording of invoices and sales transactions, accounts management and information reporting.

Malta's pool of professionals with degrees in finance or insurance has made the island attractive for the outsourcing of activities such as fund administration and insurance claims processing. Today many Maltese companies focus on providing high-end analytical services, as most organisations are outsourcing not only business processes but also knowledge ones, including market research and financial analysis. **With strong data protection legislation and risk-management frameworks, Malta is recognised as a safer location than other outsourcing destinations for the holding of customer information.** Specialist risk management firms already offer their services to asset management companies, while the outsourcing of compliance functions is a high growth area due to the ever-increasing regulatory requirements.

DIRECTOR'S GUIDE

Everything you need to know about doing business in Malta



Business Culture

Up until 1964 Malta was a colony of the United Kingdom, and British culture still underpins the Maltese way of doing business. At the same time, meetings are much less formal, and business is conducted in a more leisurely manner than in Northern Europe. However, appointments are necessary and should be made one to two weeks in advance. As in most Mediterranean countries, the concept of time is a little more relaxed than in countries to the north. Nevertheless, punctuality is expected and appreciated. Work contacts are usually greeted with their title, if they have one, followed by the surname. However, once a relationship has been established, only first names are used.

OPEN

Business Hours

Office hours are generally 8.30 am to 1 pm, and 2 pm to 5.30 pm, Monday to Friday. Some government departments work half days in summer, but many have adapted to ensure offices are manned throughout normal business hours, while the private sector continues to operate normally throughout the year. Most banks open from 8.30 am to 2 pm Monday to Friday, and Saturday until 12.30 pm. Most shops open from 9 am to 7 pm Monday to Saturday, while some close for lunch between 1 pm and 4 pm. Most retail and commercial shops are closed on Sunday.



Language

Most business correspondence is carried out in English, which is one of the country's two official languages, Maltese being the other. Laws and regulations are published in both languages. Many Maltese also have a good command of Italian and a sizeable proportion also speak either German or French.



Business Structures

Malta offers investors an EU-compliant domicile for business entities or corporate structures. Business may be conducted in a variety of forms: a sole proprietorship, a partnership, a limited liability company (private or public), a branch of a foreign company, a trust, a cooperative, an investment company with variable capital (SICAVs), as well as in a number of cell company structures. Most entrepreneurs opt for the limited liability company. The principal legislation covering companies and partnerships is the Companies Act (1995), modelled on the UK Companies Act and European law. Maltese law does not have a specific requirement on the nationality and residence of directors. Corporate substance is mandatory for companies to benefit from tax refunds and other mechanisms. Companies require an appropriate physical presence, registered employees on their books and all other necessities typically associated with economic substance.





Personal Taxation & Expat Taxation

Malta has a progressive personal taxation system that ranges from 0% to a maximum of 35% for income over €60,000. To attract highly qualified personnel from abroad, the government has introduced an incentive scheme targeting foreign executives. Finance professionals earning a minimum of €84,016 can benefit from a flat personal income tax rate of 15% on all income up to €5 million. Any income over that figure is tax-free. Malta's tax system is beneficial to entrepreneurs, wealthy individuals and investors who are looking for a stable, safe and attractive business environment.



Airport & Air links

Malta is connected by air to almost every major city in Europe and to key destinations in North Africa and the Middle East, most being just a few hours' flight-time away. Cities such as Frankfurt, London and Paris can be reached in less than three hours, while a flight to Rome takes only one hour. At present, Malta is connected to some 100 airports. Malta is also being served by low-cost airlines, and carriers such as Ryanair and EasyJet are adding new routes. Malta International Airport (MIA), the island's only airport, is centrally located and can be reached within 20 to 40 minutes from all towns and villages.



Tax

The Maltese tax system is the only remaining full imputation system in the EU. This means that tax paid by a company will essentially remain a prepaid tax on behalf of the tax liability of shareholders. All companies resident in Malta are subject to income tax at a rate of 35%. There is no separate corporation tax. Under Malta's tax system, upon a distribution of profits, non-resident shareholders are entitled to claim a refund of tax paid at the corporate level to avoid any double taxation of corporate profits. The refund may be equivalent to either 2/3rds (when double taxation relief is claimed), 5/7ths (in the case of passive interest and royalties) or 6/7ths (in the case of trading income) of the tax paid at the corporate level. A network of over 70 double taxation treaties further strengthens Malta's position as a key corporate location.



FDI Attractions & Incentives

An open economy with a long-established history of trade, Malta has always actively sought foreign direct investment (FDI), both in existing companies and in new ventures. With a well-balanced mix of incentives that support and ensure long-term competitiveness and growth of companies setting up in Malta, the island attracts record levels of foreign investment, amid intensifying global competition. Companies need to apply to Malta Enterprise, Malta's investment promotion agency, to determine eligibility, and to access the assistance. Incentives include most of the internationally available investment incentives.



Market Access

Malta's internal market is relatively small, and the real opportunity lies in using the country as a stepping stone to markets in Europe or North Africa. Strategically located at the centre of the Mediterranean, between Europe and North Africa, Malta has historically been the link between the two continents. As an EU member state, Malta offers instant access to the EU's massive single market of over 500 million people. Companies can conduct business freely and sell their products in all EU member states and/or establish a business in another EU country. In addition to its close geographical position, Malta also has strong historical and cultural ties with North Africa, making it an attractive base for European, American or Asian companies wishing to enter the relatively untapped markets to the south. In addition, Malta is a signatory to over 70 double taxation treaties.



Telecoms & Data Management

Given its size, the island's telecoms infrastructure is disproportionately strong. Hosting and co-location services can be easily sourced. Data centres are provided with international bandwidth through the three main telecoms service providers: GO, Vodafone and Melita. There are also several other independent data centres. Malta is internationally connected through two satellite stations and five submarine fibre optic links to mainland Europe via Italy. To reduce Malta's reliance on the existing links, Malta's government plans to invest in an additional fibre optic cable to France. Bandwidth in Malta is slightly more expensive than elsewhere due to the fact that Malta is an island, but increased competition from multiple market players is expected to drive telecommunications prices further down in the near future.



Start-up Support

Start-ups find Malta a particularly attractive place due to the concentration of industry players, talent and suppliers on the island. Malta is also stepping up its efforts in helping to create new businesses and has expanded the scope of support for innovators. Incubators and innovation hubs have been established to support start-ups that have the potential to develop innovative services for the gaming industry. Malta is generally 20 to 30% cheaper than the more established European centres, while a company's seed capital may last three to five times longer. A number of co-working spaces have opened up offering entrepreneurs the opportunity to work in a vibrant and dynamic environment that will not only foster their ideas, but also create invaluable business connections while still being affordable.



Financial Support Services

Malta boasts a well-developed financial support infrastructure, and the country's service providers offer access to a full range of banking, insurance and investment products. Some 25 foreign or privately-owned credit institutions are present in Malta, offering the full set of banking services ranging from retail and investment banking to wealth management. Insurance companies provide all types of cover, ranging from personal, health, property, auto and travel to liability and employee protection. Investors can find a number of insurance management companies handling cover for large corporations and providing reinsurance solutions. The country's experienced wealth managers and stockbrokers are well connected and provide access to global capital markets.





Professional Services

Malta has a solid cluster of firms that specialise in providing professional services. The international business community in Malta is strongly supported by a large range of accounting and auditing practitioners ranging from small boutique practices to the global Big Four accountancy firms, as well as most international network brands. Most of the country's legal firms are part of international networks. Malta also boasts an array of corporate service providers offering business advisory and back-office support. Malta is able to offer operators professional services at costs that are generally lower than in other Western European locations.



Customer Support

The island's reputation as an outsourcing location has been built upon some of the country's most fundamental strengths: the fact that English is an official language, availability of talented people, value for money, the island's quality of life and the successful financial services companies that are already operating here. Malta has a long and proud heritage of hosting global businesses, having imported and exported people, ideas and products for centuries. The hundreds of international companies that have established a base in Malta now attract employees from across the globe offering customer service in English, French, Spanish, Portuguese, Italian, Dutch, German, Polish, Russian, Swedish, Arabic and Turkish to mention just a few of the many language groups available on the island.



HR & Recruitment

The key ingredient to Malta's finance success has been the ability to attract the best and the brightest. Most Maltese nationals speak at least three languages, Maltese, English and Italian, and some are even conversant in French and German. Some 60% of students (18-24-year-olds) continue their education to the third level, and finance related subjects are among the most chosen. Malta is doing its parts in attracting finance talent from all over the world by fast-tracking visa and work permit applications for key employees from non-EU countries, making the onboarding process for companies as smooth as possible. Malta has a good stock of specialist recruitment agencies, including companies that focus on the finance sector. These companies can assist operators in deciding how and where to recruit the human resources necessary, using their international networks to reach potential candidates from around the world.

Employment Regulation

Regulation: Employment & Industrial Relations Act

Type of contract: Fixed or indefinite, full-time or part-time

Probation Period: Six months

Standard working week: 40 Hours

Annual leave: 26 days

Maternity Leave (paid): 18 weeks

Parental Leave (unpaid): 3 months

Employment Agency: Jobsplus

Technical Support

Malta offers a highly experienced and vibrant ICT sector, and the island is also home to a rapidly emerging cybersecurity cluster, providing operators advice and assistance on risks, compliance and security threats.



Salaries & Staff Cost

Malta remains significantly cheaper than other European capitals in terms of staff salaries and other costs. While salaries have increased in recent years, the figures are still lower than the European average. In financial services, annual financial packages range from €20,000 for administrative support roles to €40,000 to €60,000 for department heads and €75,000 to €160,000 for CEOs.



Work Permits & Approvals

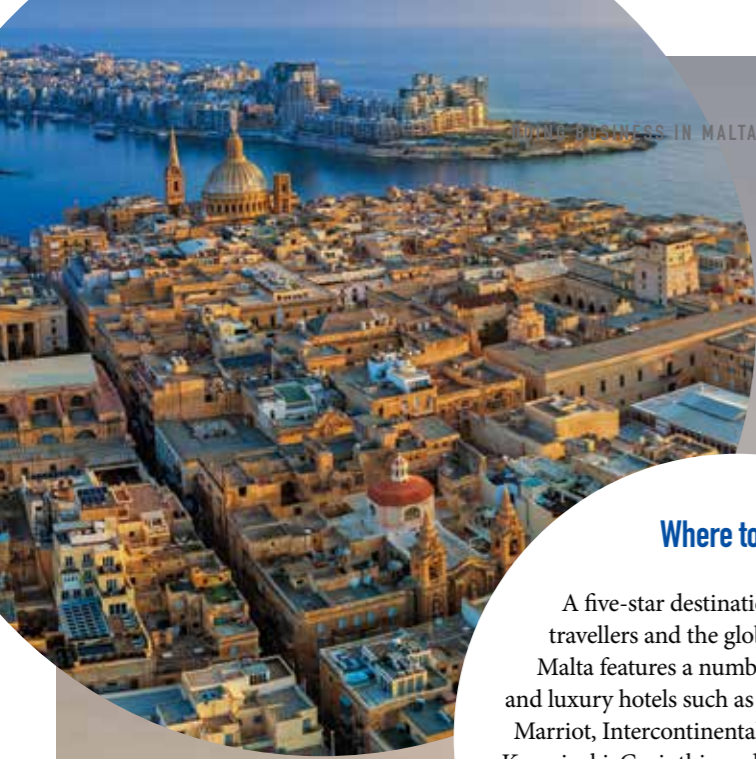
Visa obligations for foreign nationals reflect EU regulations and obligations. Non-EU nationals must apply for and obtain an employment permit. Due to the nature of the industry and the specific knowledge that is required, the granting of employment permits even to non-EU nationals is generally an uncomplicated and smooth process.



Commercial Property

Malta offers enviable real estate with sea views and marinas as well as prestigious landmark office complexes within easy commuting distance to residential areas. Although sales and letting prices have been on an upward trend, they are around two-thirds of those charged for comparable spaces in Continental Europe. Office space comes in many flavours, ranging from purpose-built office blocks, converted houses, apartments and palazzos, to new, large mixed-use developments. A large number of local and international real estate agents provide sales and letting services and can assist in locating suitable property.





Where to stay

A five-star destination for high-end travellers and the global business elite, Malta features a number of international and luxury hotels such as the Hilton, Radisson, Marriot, Intercontinental, Westin Dragonara, Kempinski, Corinthia and the Phoenicia Malta. Superior accommodation is also offered at the boutique hotel Xara Palace Relais & Chateaux. In addition, Malta offers a number of three- and four-stars hotels providing more budget-friendly accommodation.

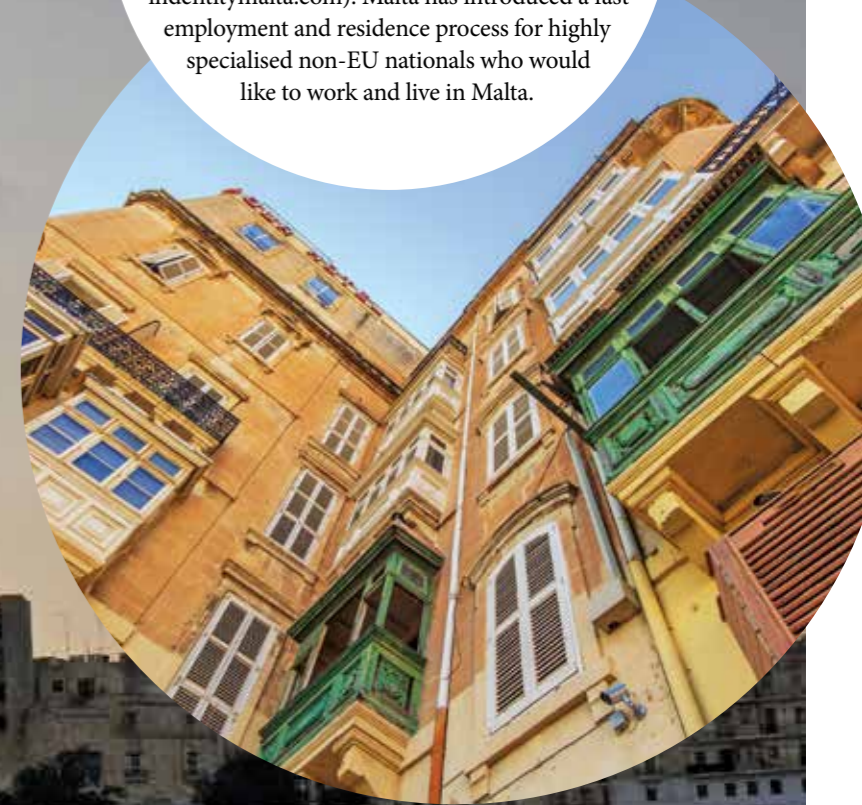


Cuisine

When it comes to dining, Malta is an island of staggering options. The food scene is defined by an eclectic mix of Mediterranean cooking with strong Italian influences, fuelled by rich ingredients fresh from farm and sea. There are also many restaurants offering international specialities, and the choice is wide, from smart city restaurants in Baroque palaces and family-run trattorias to seafront fish restaurants.

Passports & Visa

Malta is a member of the EU, and EU nationals are free to visit, reside and work in Malta. Malta is also a member of the Schengen Zone, and there are no border controls between the Schengen countries. Non-EU citizens can find details about visa-exempt countries and visa application procedures on the website of Identity Malta (www.identitymalta.com). Malta has introduced a fast employment and residence process for highly specialised non-EU nationals who would like to work and live in Malta.



Travel Briefing



How to get to Malta

As a leading finance centre, Malta is well connected. Malta International Airport, the island's only airport, is just two or three hours flying time from most European cities. Regular flights are provided by Air Malta, the national airline, as well as other carriers such as Lufthansa, Emirates, Turkish Airlines, British Airways, Alitalia, Ryanair, EasyJet, and WizzAir.

Getting around

Given Malta's small size, distances in Malta are negligible, and the entire island can be crossed in an hour by car. However, in similarity to many other successful business centres, Malta suffers from traffic congestion during rush hours, and it's advisable to avoid peak times. As in the UK, cars drive on the left. Cars can be hired at reasonable rates compared to those in other Western European countries. All the major car rental companies have a presence in Malta. Local firms also offer this service, with or without a chauffeur. The public transport system is safe and wallet-friendly. A network of routes and a fleet of modern buses provide an extensive service across Malta and Gozo.



Living in MALTA

Although Malta is a small country, it offers a variety of lifestyle choices that range from urban, cosmopolitan and luxurious to relaxed and rural. Boasting a diverse range of shopping, cultural and leisure activities, all at affordable rates, Malta provides expatriates with a unique opportunity to live every aspect of life to the full.

Welcoming Foreigners

Malta's economic growth and investment from international companies have long caught the attention of high-flying foreign professionals. Today, some 6% of Malta's population is foreign, with many people coming from the UK, Scandinavia, Italy and Spain, but also from France and Germany. The majority of expats finds it easy to meet new people in Malta; and many count locals, as well as other expats among their friends.

The World's Best Climate

With more than 300 days of sun a year, expatriates in Malta often become the envy of friends back home. Hot, dry summers and mild winters have earned Malta the title of World's Best Climate by 'International Living' magazine. Even in winter Malta enjoys an average of 5 to 6 hours of sunshine and more than 12 hours a day in summer.

A Home in the Sun

Malta boasts a wide range of properties available to rent or purchase, from furnished apartments to farmhouses, villas with pools, and even palazzos. Finding a good property close to amenities is fairly easy. A large number of local and international real-estate agents provide sales and letting services and can assist in locating suitable property.

Work-Life Balance

Although working hours do not vary significantly from those in other countries, many expats say that they enjoy a better work-life balance in Malta. Overtime is the exception, rather than the rule, while Malta's small size means beaches, sports facilities and restaurants are just a short ride away. As in many southern European countries, family plays an important role in Maltese society. This also means that time-off during evenings and weekends is respected.

Cost of Living

Although on the rise, the cost of living in Malta is one of the lowest in Europe and ranks somewhere in the middle in terms of a global league table. On average, the cost is one third of that in the world's most expensive cities. Everyday groceries are on average more expensive in Malta than in Eastern European countries, however they are cheaper than in most Western countries and in global business centres.

Scale of Opportunity

Although the finance sector is important to the island's economy, Malta is more than just finance: the island's diversified economy is performing exceptionally well, offering exciting and dynamic employment opportunities in a host of sectors such as education, health, gaming, maritime and aviation, to name but a few. For dual-career couples this means that accompanying spouses and partners usually do not struggle to find work.

Outdoor Malta

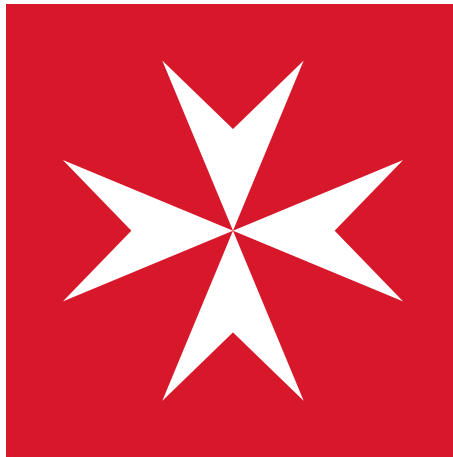
Malta's Mediterranean climate lends itself to a year-round outdoor lifestyle of water sports, golfing, hiking, fishing, horse riding and more. The conditions for scuba diving and snorkelling are excellent, particularly as the sea temperature never drops below 13C (55F). Malta has one golf course, located at the Royal Malta Golf Club, and gyms, football or water polo clubs can be found all over the island.

Active in Malta

The sea, cafés, restaurants, clubs, cinemas, theatres, sports clubs or gyms are almost always within a walking distance of office complexes or residential areas. Malta hosts many great festivals of culture and art. Each town or village even has its own annual feast and parade for the patron saint. For those in need of some retail therapy, Malta is home to shopping malls for big brand names and markets for local goods.

Malta

The culture of
getting things done



SECURELY REGULATED
MARKET DRIVEN
COMPETITIVELY SKILLED



FinanceMalta, Garrison Chapel,
Castille Place, Valletta VLT1063 - Malta
EMail: info@financemalta.org • Tel: +356 2122 4525
Web: financemalta.org