RE-DISCOVERED SIBLINGS

MALTA ENTERPRISE AND THE FINANCIAL SERVICES INDUSTRY

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ME Sectors and Financial services

Strength of a diversified economy especially in times of crisis
- Resilience against economic shocks

When comparing Q1 2020 with Q1 2019, GVA at market prices for:

- Wholesale and retail trade, accommodation and food services: -4.5%
- Other sectors such as manufacturing: +3.8%
- Financial and insurance activities: +5.2%
Creating diversification even within specific sectors

- Manufacturing automotive/MROs hard hit
- Mitigated by strong performance in pharma and medical devices

**RESILIENCE**: Importance of Transversal skills / Being agile and adaptive
Acceleration of Fintech through Covid-19

Despite COVID-19 - tech driven areas are expected to continue growing strongly.

**Acceleration** of adoption of technological solutions

- Payments
- Online shopping
- Contactless
Various projects related to financial services

ME 2019/2020

- FinTech
- Biometrics
- Technology driven AML and KYC solutions
- Natural language processing
Various projects related to financial services

- Automated trading bots
- Blockchain based solutions
- Regtech
- Mobile banking applications
ME Collaboration with Finance Malta / MFSA

- **Sand boxes** – Tokens use in Blockchain or digital games companies
ME - Financial Services
reliance and challenges

Reliance in attracting FDI / ensuring Malta based companies can continue to expand

1. ME/MIP Capital expenditure projects
2. Insurance coverage for employees, plant and equipment
3. Bank loans for clients
ME - Financial Services
reliance and challenges

Challenges

1. Opening of bank accounts

2019 ME exercise - Banks

- Realised - that there was a lack of understanding of ME due diligence processes

- Achieved - Clearer understanding of which banks are likely to service which clients

Issues with banking persist
ME - Financial Services
reliance and challenges

Challenges

2. Loans
   stumbling blocks for banks to provide loans to services sector

   Covid-19 Loan Guarantee Scheme (CGS)

3. Lack of understanding of novel business models
Nurturing an eco-system for start-ups

- **Financial services agents have an important role to channel funds to start-ups**
  Higher risk but potentially higher returns
  Technological transformation is likely to be driven by start-ups

(Challenger banks vs traditional banks)

25 clicks vs 70 clicks

to open a Revolut account
to open an account at Lloyds or Barclays
Nurturing an eco-system for start-ups

- **Malta positioned to capitalise** a young, cosmopolitan and energetic society

- Work done by **ME** with regional and global Universities
The Future of Maltese economy/society and financial services

- During COVID we have had more time to reflect on our vision for the economy
  a. **Education**
     Higher education and training
     Better efforts to decrease rates of early school leavers
     Equipping HR with skills for technology driven jobs
  b. **STEM, Entrepreneurship and innovation**
  c. **Malta’s business sophistication**
  d. **Tech savvy households**
     Tech savvy households will use financial services to consume more
Final thoughts

The impact of financial services is **much more significant** than its 6% contribution to GVA.

It serves as an important **enabler for growth** in other sectors.

The more diversified the higher the ‘buffer’ against adverse shocks