



# RE-DISCOVERED SIBLINGS

**MALTA ENTERPRISE**  
AND THE **FINANCIAL SERVICES INDUSTRY**

Presentation by **Mr Kurt Farrugia**, CEO, Malta Enterprise

## 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**

to open a  
Revolut account

vs

**70 clicks**

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



THANK YOU