

# Looking forwards

Forward-looking Malta has laid the groundwork for a strong economy, with an internationally-recognised financial centre, FinanceMalta write

**F**or centuries Malta has stood at the commercial crossroads linking Europe, Africa and the Middle East. The Phoenicians, Romans, Carthaginians, Arabs, Ottomans, Knights of St John, French and the British all ruled the island at one time and contributed to the mosaic that is modern Malta.

Britain's legacy has lasted the longest as Malta was part of the British Empire for over 150 years, until independence in 1964. Not surprisingly, English remains one of the national languages. The use of a legal system based on English law and the English language are international advantages, as well as a business-first climate and can-do attitude.

This is reflected in the education system, which is globally-recognised as being of high quality and producing a flexible skilled pool of workers for local and incoming business. To aid the economy further the communications network is constantly upgraded to leverage the latest technology and, crucially, network capacity is expanded as required.

Since independence in 1964 Malta has developed its role as a strategic business and trading hub, and since the 1980s Malta has pursued a strategy of developing a financial services centre.

While starting out as an offshore hub, Malta decided to move its financial services onshore. By introducing a strong supervisory framework as well as a competitive, transparent regime approved by both the European Union and the Organisation for Economic Cooperation and Development, Malta sought to distance itself from secrecy jurisdictions and tax havens.

The country's decision to join the EU in 2004, and later the eurozone in 2008, was integral to the expansion of its horizons and bolstered its status as a key business hub in the Euro-Mediterranean region.

With its successful economic track record, it is no surprise that Malta has constantly attracted steady inflows of foreign direct investment across all sectors of the economy, with the finance sector currently accounting for more than 90 per cent of the total.

Malta's EU membership has been the key attraction for companies to set up operations on the island, while Malta's proximity to and cultural links with North African and Middle East countries are particularly attractive to companies that use the island as a stepping stone for trading, distribution and marketing of their international operations in North Africa.

*Forward-looking Malta has laid the groundwork for a strong economy and an International Finance Centre of repute. A range of emerging sectors and business opportunities will help it retain its competitive position.*

Some prominent companies that have invested in Malta are HSBC, Microsoft, Playmobil, Uniblue, Betfair, Cardinal Health and Lufthansa Technik. In addition to strong historical and commercial ties to Italy and the UK, Malta enjoys healthy trade with France, Germany and Greece. The country's exposure to international commerce is one of the highest worldwide, and Malta has a wide network of some 70 tax treaties. The island's leaders are also constantly working on developing new ties with foreign governments in order to facilitate worldwide market access for all industries. Trade with Asia (mainly China and Singapore), Russia and the US is increasing.

Over the years, Malta has become a significant exporter of financial services and has accelerated efforts to increase the depth and breadth of its finance industry. The sector has demonstrated consistent annual growth over recent years. It now accounts for an estimated 13 per cent of the island's GDP and provides close to 10,000 jobs. Rated repeatedly as the 10<sup>th</sup> soundest banking system in the world by the World Economic Forum's Competitiveness Index, Malta's banking sector is thriving.

The Government has provided critical support, and a range of opportunities exist for financial institutions to expand and grow their business in Malta. The scale of this transformation has been enough to position Malta as an alternative to established finance hubs such as Dublin, London and Luxembourg. Malta's finance sector has also been given a clean bill of health by rating agencies, the EU Commission and the International Monetary Fund.

Malta provides a broad and integrated suite of financial services, and the various parts of the financial sector not only serve important functions in their own right but are mutually reinforcing. The island has strong banking, insurance, investment funds and wealth management sectors, all of which are underpinned by EU-compliant legislation and regulation. Malta has gained a reputation as a jurisdiction for smaller financial services companies and startups, which offer clients more personalised services than those provided by the bigger firms.

The Maltese authorities' efforts over the last few years have also successfully attracted a large number of international banks such as Banif Bank, Deutsche Bank, FIMBank and HSBC. Fund administrators such as Apex, Citco and Custom House all have a presence in Malta, along with insurance managers such as AON, Marsh and Munich Re.

In addition, a number of Fortune 100 companies have set up operations here, including multinationals such as BMW, Citroën, Peugeot and Vodafone. Malta also boasts considerable expertise in the field of trusts and foundations, with many legal and accounting firms operating in-house trust companies in addition to international advisory networks. Malta is committed to ensuring that those companies and their clients in the financial services sector can enjoy a first-class regulatory regime and benefit from the Malta's pursuit of excellence. ■

