



# 10<sup>th</sup> Annual Banking & Payments Law Seminar

**Breakout Session**

**Payment Institutions**

In collaboration with FIMA





Breakout session – Presentation

# The FI Rulebook: The experience so far



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10<sup>th</sup> Annual Banking and Payments Law Seminar



## Number of Payment Institution and E-Money Institution Licenses Issued in the EU in 2024

Germany	12
Malta	12
France	8
Spain	8
Poland	5
Netherlands	5
Finland	4
Denmark	4
Ireland	4
Lithuania	3
Cyprus	3



On 18 February 2025,  
Finextra published an  
articles offering insights into  
the number of e-money and  
payment institution licences  
issued in the EU in 2024.  
Over a 3 year period Malta  
ranked 6<sup>th</sup> with 15 new  
licences



# Consultation process



**21 May 2024**

## **STEP 1**

MFSA issued a consultation document on revised Chapter 3 of FIR. 12 June 2024, second consultation on FI Return.

**3 October 2024**

## **STEP 2**

MFSA published a circular, feedback statement and final version of FIR 03.

**15 October 2024**

## **STEP 3**

Vast majority of FIR03 becomes applicable with sections on governance and safeguarding provisions becoming applicable on 15 December 2024.

# FIR03 objectives

- **Regulatory clarity**
- **Proportionality**

*PSD2: “The requirements for the payment institutions should reflect the fact that payment institutions engage in more specialized and limited activities, thus generating risks that are narrower and easier to monitor and control than those that arise across the broader spectrum of activities of credit institutions.”*

- **Stronger Governance and Safeguarding of Funds requirements**
- **Building strong compliance culture**
- **Contributing to a robust local FI sector**



# Post-publication of FIR03



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**21 January 2025**

Dear CEO Letter is published

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**11 March 2025**

FIR 03 version 2.0 published

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**Next?**

# Dear CEO Letter



Sharing lessons learnt from Thematic Reviews on:

- Outsourcing and other Third-Party Arrangements; and
- Safeguarding of Clients' Funds in relation to FIs.

Strong observation on increase in FIs seeking to safeguard via the secure, liquid, low-risk assets method.

“Liquidity” assessment should explain reasons for which assets are considered to be liquid and indicate under which Level between Level 1 and Level 2 (if any) such assets would classify in terms of Commission Delegated Regulation (EU) 2015/61 of October 2024 supplementing Regulation (EU) 575/2013 on liquidity coverage requirements for Credit Institution.



# Version 2.0 of Chapter 3



- Amendments to introduce MICA Requirements for Issuers of E-Money Tokens
- NEW R3-1.3.6. Utilisation of LH Portal for submission of information and documentation pursuant to FIR03.
- NEW 3-2.2.2. 60 calendar day prior notification for changes to safeguarding arrangements and important operational outsourcing arrangements including changes in activities outsourcing as well as outsourcing service providers.
- AMENDED R3-2.8.12 to include Outsourcing Notification Form for FIs. 19 fields + attachments.

MALTA FINANCIAL SERVICES AUTHORITY	25 March 2025
<b>Financial Institutions</b>	
<b>Outsourcing Notification Form in terms of FIR/03</b>	

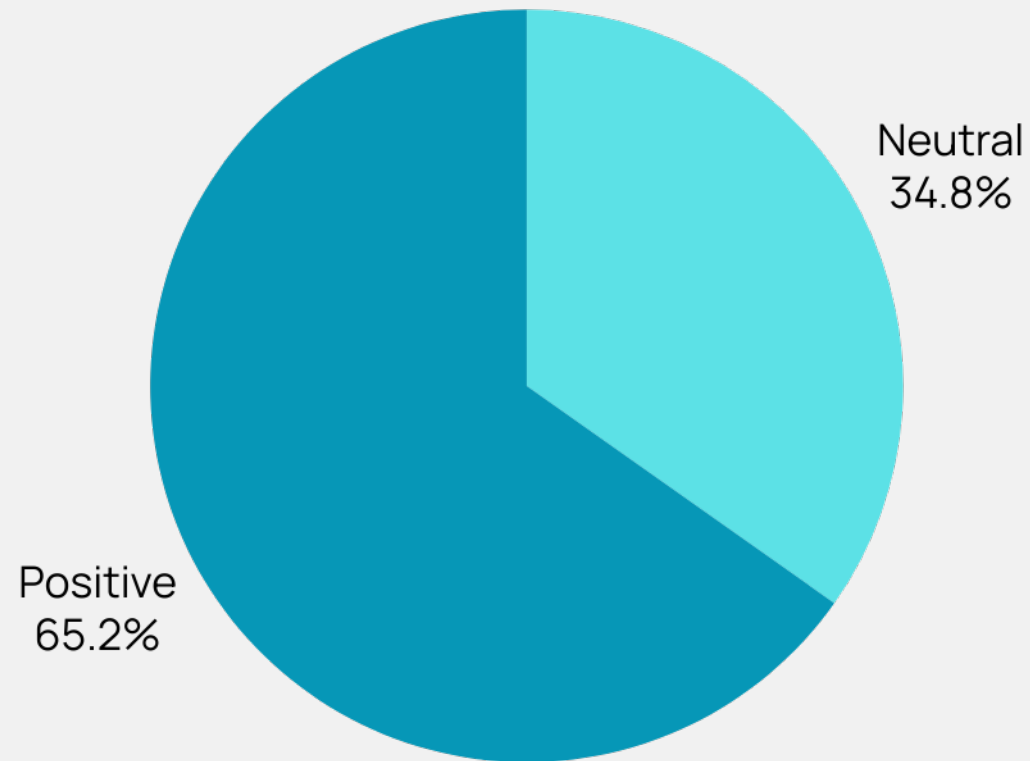
# What are the industry's views?



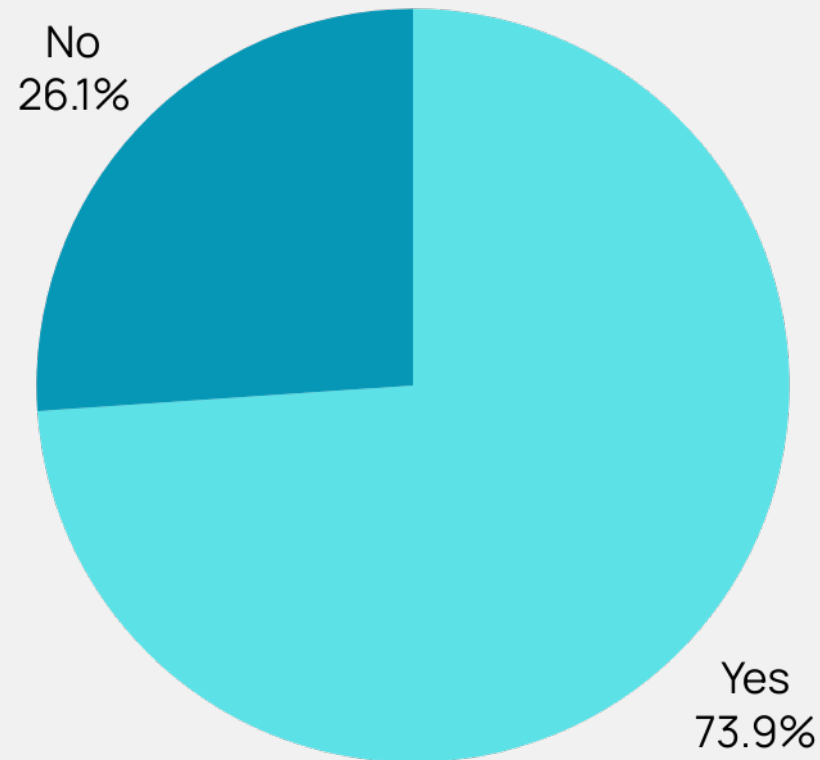
- Survey with 9 questions shared with a number of FIs
- 23 institutions responded – THANK YOU
- Appears to reinforce the idea that FIR03 was ultimately a consolidation exercise
- “Things need to get worse before they get better” – FI Returns.

# 1. What is your reaction to Chapter 3 of the Financial Institution Rulebook?

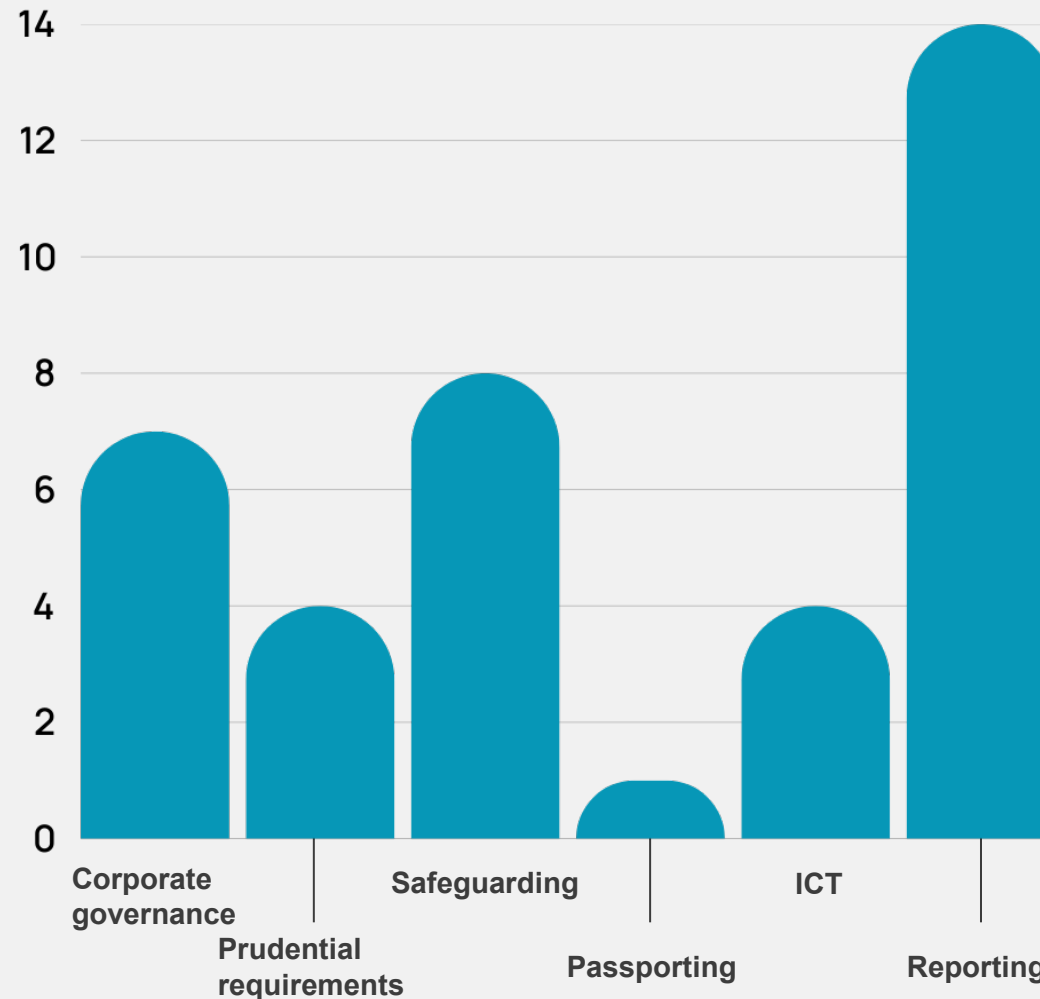
\*Negative got 0%



## 2. Were you required to carry out any changes as a result of Chapter 3 of the FIR?



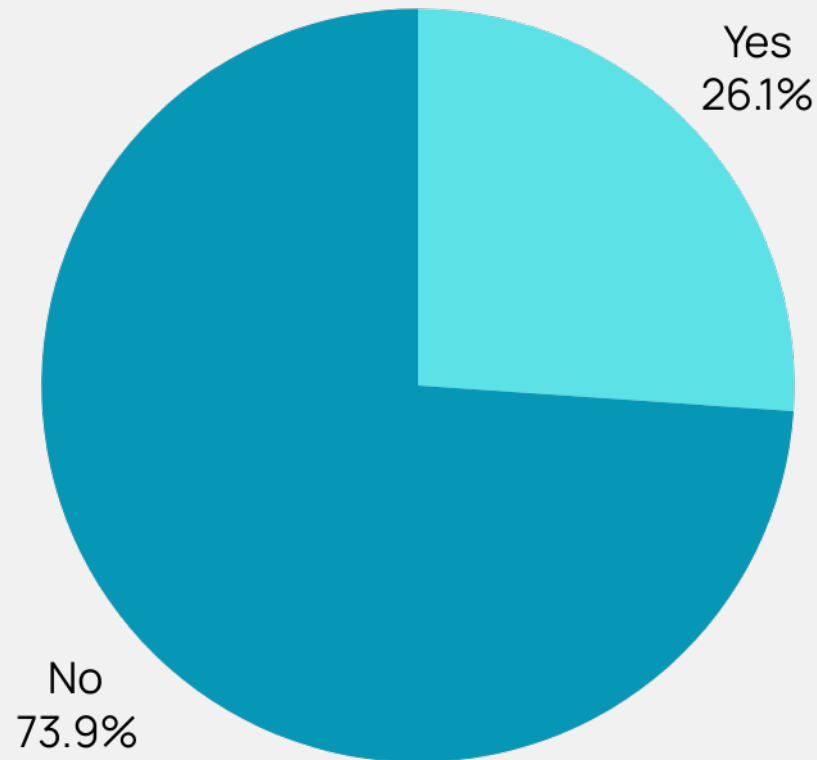
## 2. If yes, in which of the following areas were you required to carry out any changes?



### 3. Did you feel that the timelines for alignment with the obligations set out in Chapter 3 were adequate?

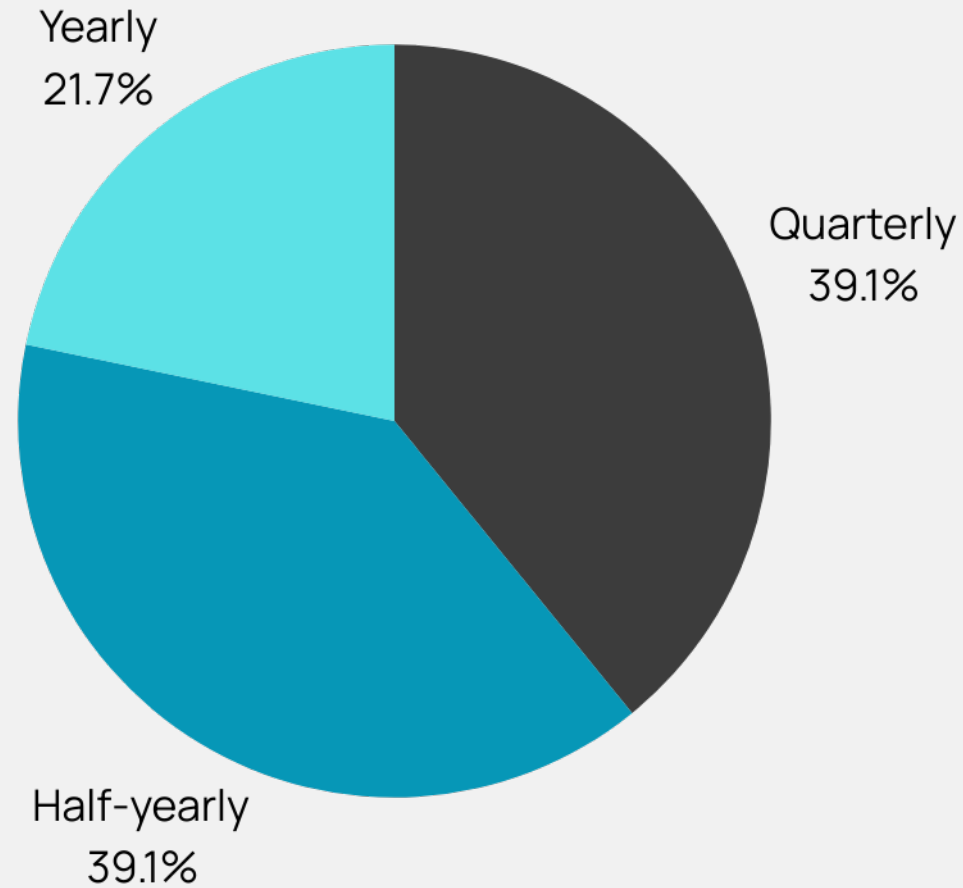


## 4. Did you require to make significant changes to the handling of data to meet the new requirements under the FI Return?



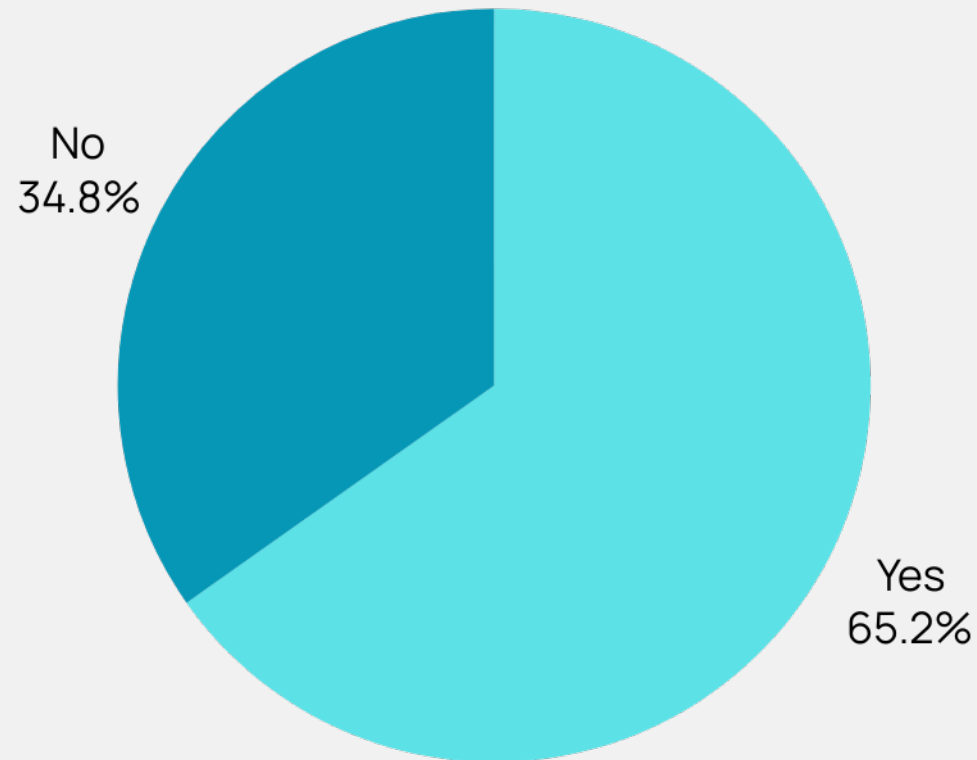
## 5. How often should the FI return be required?

\*Monthly got 0%





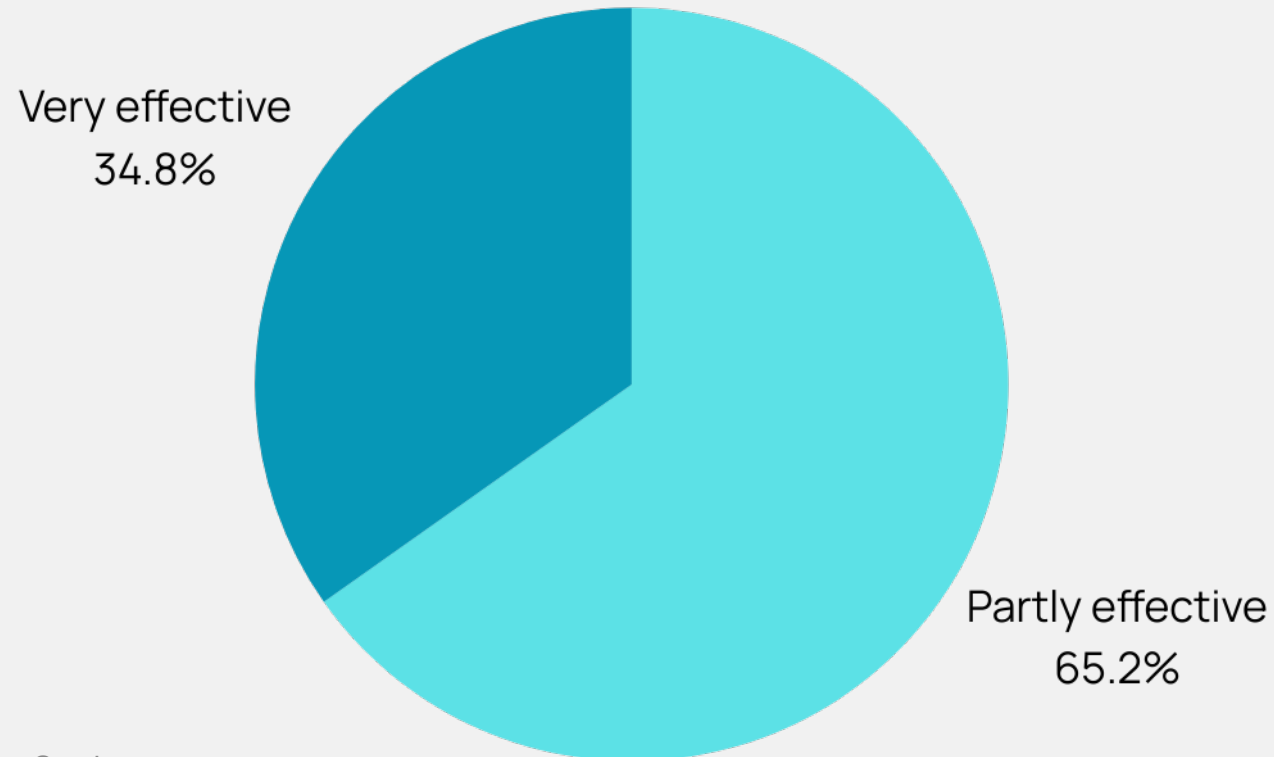
## 6. Do you feel that the principle of proportionality is adequately reflected in the framework?



## 7. How effective do you think the new Chapter 3 will be in ensuring stronger compliance with applicable law and regulations?



\*Not effective got 0%



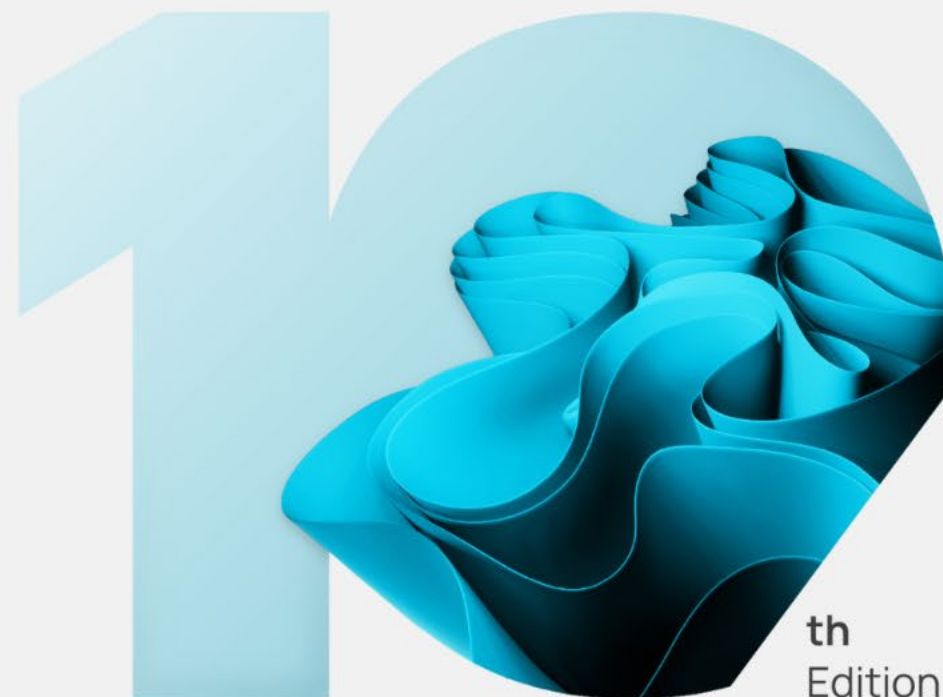
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## Thank You

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