



# The Deloitte Banking Regulatory Barometer 2016

A review of the current regulatory  
environment in Malta

Key highlights



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Dear Participants,

Thank you for your participation in the 2016 Deloitte Banking Regulatory Barometer. We are pleased to share with you the key results.

Eight Maltese banks, representing both the domestic and international markets with combined total assets of €21 billion, participated in the survey. The survey was conducted through an online questionnaire and personal interviews, with the objective of capturing and understanding the regulatory impact on businesses, from a strategic level down to operational challenges.

The goals of the survey were to evaluate the current regulatory environment, identify regulatory trends, and to begin a dialogue on the challenges posed by upcoming regulations.

The key areas focused on were:

- Regulatory environment
- Corporate governance
- Risk management and supervisory/regulatory requirements
- Comprehensive Assessment

The Deloitte Banking Regulatory Barometer has identified key issues which banks have identified under the current regulatory environment, and challenges related to Supervisory Review and Evaluation Process (SREP), Stress Testing, Capital and Liquidity Management, Anti-Money Laundering (AML), the impact of financial stability initiatives, and to what level AML activities are evolving in Malta.

Should you wish to discuss your results with us in a personal interview, we would be glad to receive your request and to arrange a meeting with you at your convenience.

We would like to express again our appreciation for the time that you have taken to participate in this survey.

Yours sincerely,



[Dimitrios Goranitis](#)

Banking Leader

Regulatory  
environment

Corporate  
Governance

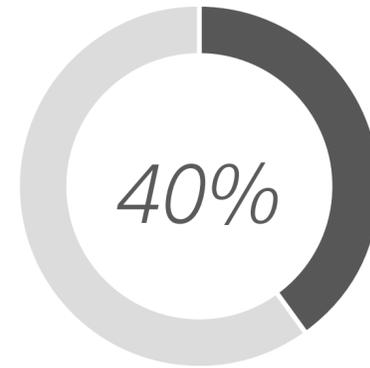
Risk management  
and supervisory/  
regulatory  
requirements

Comprehensive  
Assessment

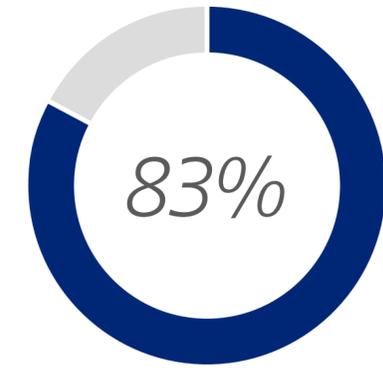
AML compliance

# 1. Regulatory environment key highlights

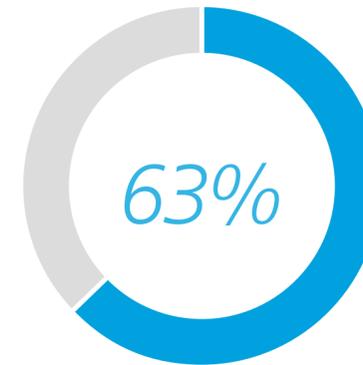
In the light of significant regulatory developments, the majority of respondents feel the need for more guidance from the regulators



Need to improve internal regulatory compliance with better or more internal resources



Believe that given the increased requirements and level of supervision, more guidance is required from local and EU regulators

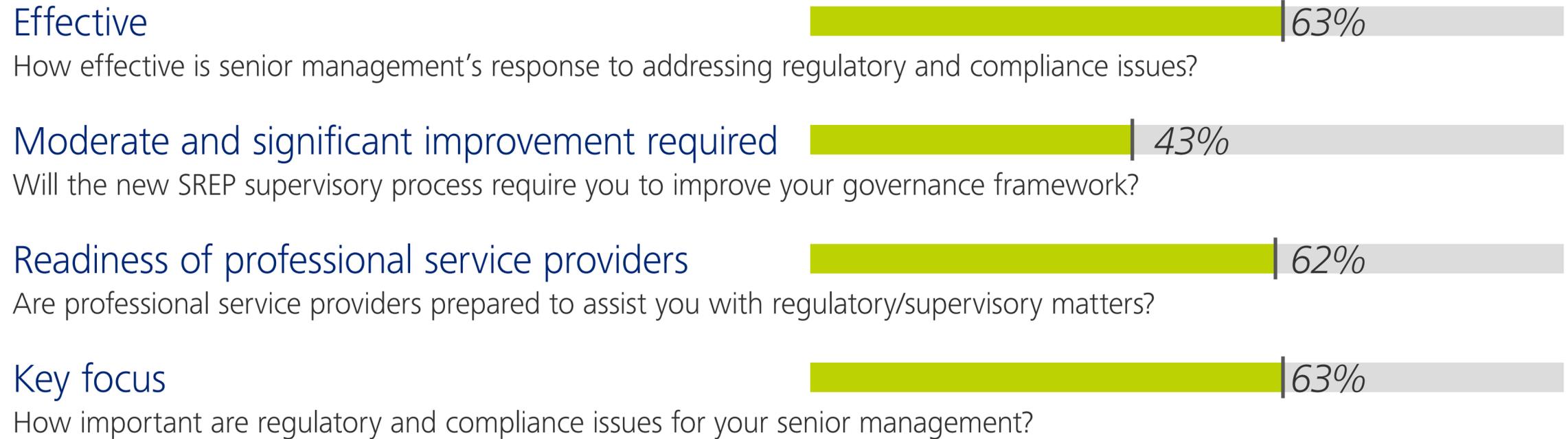


Capital agenda is satisfactory in all areas<sup>1</sup>

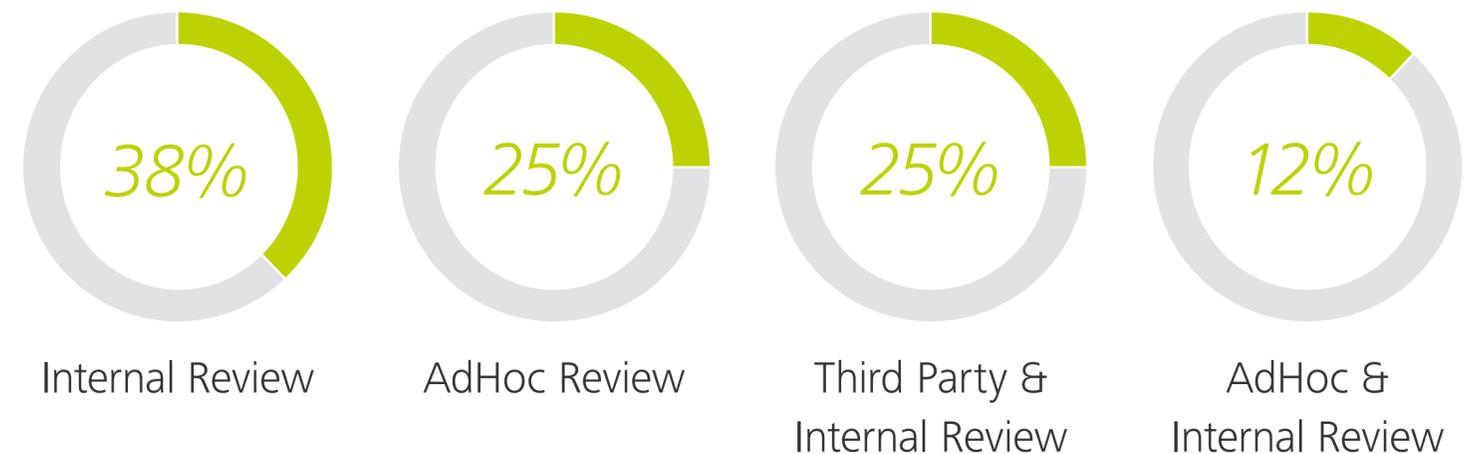
1. Optimising capital allocation and having an adequate dividend policy that meets shareholder expectations while satisfying capital requirements and business objectives of the bank.

## 2. Corporate governance key highlights

Effective senior management's responses to addressing regulatory and compliance issues still require improvement and professional assistance



How do you assess the quality of your corporate governance?

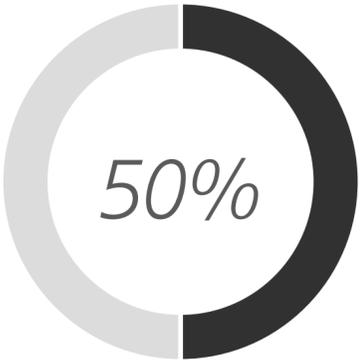


# 3. Risk management and supervisory/regulatory requirements key highlights

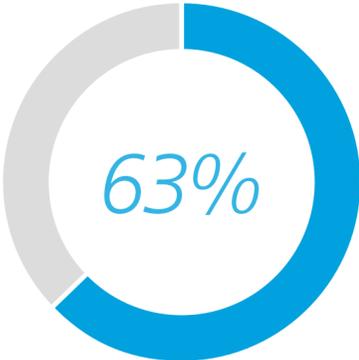
Half of respondents do not compare their Pillar 2 add-ons and risk profile to those of their peers



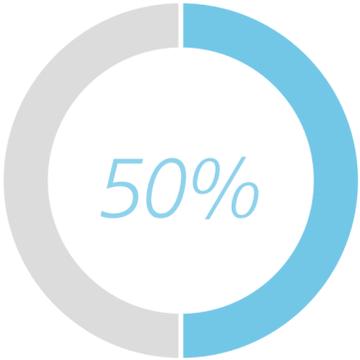
Pillar 2 add-ons rated as 'sufficient to address risk exposures'



Pillar 2 risks are the most difficult to model/quantify due to inadequate data



Did not receive comments from the regulator on internal stress-testing results



Do not compare Pillar 2 add-ons to those of their peers

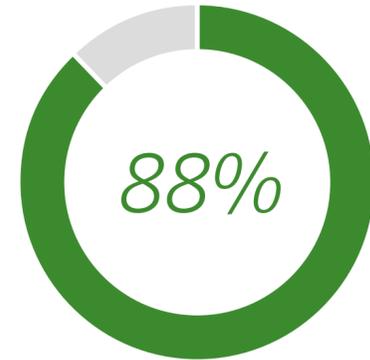
# 4. Comprehensive Assessment (CA) key highlights

Stress-testing is the main challenge for a CA and had, or would have, the worst impact on the capital requirements of the banks

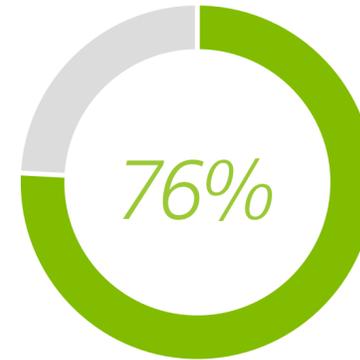


# 5. AML compliance

63% of respondents are considering growing their compliance team



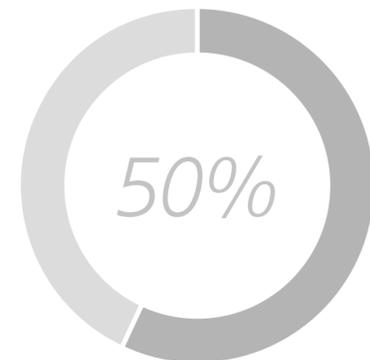
Competent in development compliance plan



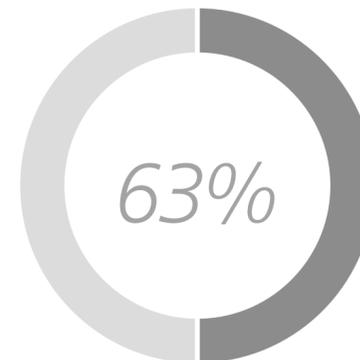
Fully in line with local and international regulations



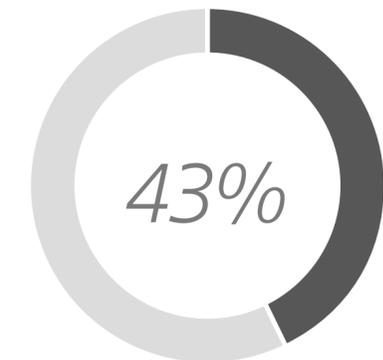
AML compliance is equally important to profitability in terms of priority



Consider customer risk as an area that requires most improvement



Are currently planning or undertaking to grow the compliance team



Were not subject to a compliance review

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