

Introductory remarks at the 7th Annual Banking and Finance Law Seminar organised by Ganado Advocates – 3rd May 2022 - The Phoenicia Floriana.

Ladies and gentlemen

It's great to have you with us and I'm excited that, after a long absence, courtesy of COVID-19, the Annual Banking and Finance Law Seminar is now back to a 'traditional' physical format.

In this respect, I wish to thank Ganado Advocates, and especially Dr Conrad Portanier, for yet again inviting the Association to collaborate for this event and for providing me with the opportunity to say a few introductory words.

Conscious of timing I will take the occasion to make just some points on the current status of the local banking sector:

- Banks were always tightly regulated from a prudential, ML and conduct, perspective but the last 10-15 years has seen saw a huge increase in such regulation and in supervisory oversight;
- The implementation of the Banking Union in 2014 (which incidentally to date remains built on just 2 pillars rather than the 3 required) was another game changer for banks within the Euro system - with Maltese banks perhaps suffering more than their much larger European peers, through a resultant subjective application of the oft-mentioned proportionality principle;
- Notwithstanding this sea-change in the regulatory landscape and significant tick-up in supervisory oversight, the former continues to constantly evolve at a very fast pace. In fact, in a few minutes we will be hearing more about upcoming regulatory challenges which banks will have to face in the short and medium term;
- Moreover, within the local context, several factors - and here I'll just mention; the retreat of US \$ clearing correspondent banks and the MONEVAL process in 2019; which subsequently led to our greylisted status in 2021 – essentially, but not exclusively, led to the application of more risk-averse stances being adopted by many of our members;
- Yet much of the substantial criticism heaped on banks locally remains based on basic issues - queues in front of branches; alleged excessive demands for information to open A/Cs or failure to actually do so; the application of alleged excessive charges and other claims of the failure of banks to provide a 'good' service to the public, both retail and corporate;

- Whilst I concede that there may be room for further improvement in the level of services provided by banks, the often-unjustified criticism seems to revolve around a concept of a bank as we used to know it around 20/30 years ago (for those of you old enough to recall this). However, times have changed and although many recall how bank services used to be provided in the past, this nostalgic imprint is often conveniently evoked through rose-tinted glasses. The reality is that the banking sector inevitably evolved in line with technical, competitive and regulatory developments and in sync with the increased level of supervisory oversight levied by the several competent authorities which oversee banks. Yet local expectations on banks seem to remain fixated on the principle that banks have to be everything to everyone. This idea also conveniently ignores the fact that while banks provide services to the general public, they do so as private sector actors and commercial entities;
- Anyway, as perhaps may be inferred, the implications and connotations generated by the foregoing are quite comprehensive and rather complex, but today is not the time and place to enter into a full-blown discussion on them. Therefore, with that said, over now to Dr Portanier to highlight to you on what lies ahead for you this afternoon.

Karol Gabarretta
Secretary General
2nd May 2022