

The MGA Publishes its 2017 Annual Report and Financial Statements

The Malta Gaming Authority (MGA) has published its Annual Report and Financial Statements for the financial year ending 31 December 2017. The report provides an overview of the activities and work performed throughout the year by the MGA which mainly focused on the finalisation of the new Gaming Act, coming into force in 2018, and on the enhancement of its compliance systems, including the implementation of the requirements of the EU 4th Anti-Money Laundering Directive.

Throughout 2017, the MGA also focused on enhancing its IT systems, as reflected in the introduction of the Licensee Relationship Management System (LRMS), a secure and dedicated portal featuring a one-stop shop for licensing and reporting and a new communication channel.

The Annual Report also looks at 2018 and beyond, whereby the MGA will be focusing on the implementation of the new regulatory framework, the transition towards a risk-based approach to regulation, the continued implementation of onerous AML (Anti-Money Laundering)/CFT (Combating the Financing of Terrorism) obligations, and the application of the General Data Protection Regulation and its impact on operators and the MGA alike.

The following are the key highlights from the Annual Report:

- During the year under review, the MGA generated a total revenue of €66.3m in licence fees, gaming tax and other administrative fees and fines, compared to €62.5m in 2016. This represents an increase of €3.7m or a 6% year-on-year increase;
- The direct contribution of the gaming industry to the Maltese economy was valued at €1.1 billion in 2017, with approximately 9,800 full time jobs created within operators directly in the sector and other associated businesses;
- In January of the same year, the MGA launched a licensing and regulatory regime based on the Skill Games Regulations for the online skill games sector, including the creation of specific B2C and B2B licences for 'controlled skill games';
- It also conducted a thorough study to assess the application of Distributed Ledger Technology (DLT) and the use of cryptocurrencies in a sandbox environment, with the objective of issuing a consultation paper and subsequently, guidelines, in 2018.
- As highlighted above, the MGA kept investing in its IT systems, most notably on the introduction of a New Licensee Relationship Management System accessible through a secure and dedicated web portal. This system has changed the way the MGA interacts with its existent and prospective licensees through the digitisation of regulatory and licensing processes;
- In 2017, the MGA further enhanced its AML/CFT supervisory mechanisms, including the implementation of the EU 4th Anti-Money Laundering Directive. This involved

cooperation with the Financial Intelligence Analysis Unit (FIAU) to develop supervisory practices and procedures, sector-specific guidelines, and joint supervision;

- MGA's most important achievement was the finalisation of the new Gaming Act which was tabled in Parliament earlier this year. The new law is set to overhaul completely the way the Authority regulates the sector, once it comes into force in 2018.

In publishing this report, Heathcliff Farrugia, Chief Executive Officer of the Malta Gaming Authority, stated that: "Last year was perhaps one of the most exciting years for the MGA. The ongoing efforts and relentless work of MGA officials on the various projects the Authority embarked upon was reaching its final stages, with the new regulatory framework and the 4AMLD being the most notable ones.

Their introduction in 2018, coupled with the investment in IT systems shall continue to elevate our regulatory standards, by strengthening our controls and empowering the Authority to adopt a risk based approach towards enforcement and supervision."

Whoever wishes to receive hard copies of the Annual Report may send an email to info.mga@mga.org.mt

