

MESSAGE FROM THE MGA

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THIS YEAR IS PROMISING TO BE YET ANOTHER YEAR OF SATISFACTORY PERFORMANCE FOR THE I-GAMING SECTOR IN MALTA AND THE JURISDICTION IN GENERAL. [WHILE THE NUMBER OF LICENCES ISSUED BY THE MGA HAVE INCREASED AT A HIGHER RATE THAN LAST YEAR, REVENUES OF COMPANIES ARE INCREASING AT A HEALTHIER PACE]. THE NUMBERS SHOW ENCOURAGING SIGNS OF HEALTHY RESILIENCE, THAT IS EXCEEDING OUR EARLIER EXPECTATIONS IN VIEW OF THE NUMBER OF CHALLENGES THAT MALTA AND THE SECTOR CONTINUE TO FACE.

Some would argue that the i-gaming sector is now saturated and that the industry is growing at a slower rate and is, or will be, dominated by a smaller number of mega-operators. Indeed, this is a development of every industry sector but, myopia and stagnation are not features of this dynamic and innovative sector. New products, channels and business models keep being brought in line at a fast pace in the quest of becoming more efficient and effective in providing a player experience better than their rivals on the market.

The gaming regulatory scenario in the EU and beyond is yet extending the country by country regulation, subjecting operators to national licensing regimes and thus the duplication or rather multiplication of regulatory compliance mechanisms and costs by operators which other than their base in Malta operate in other EU and non-EU markets. The political climate to reverse this trend or indeed use lessons learnt to develop any form of uniformity in regulation seems to lack the necessary appetite at national level or indeed by the European institutions. This is expected to be the norm for the immediate and medium term in all markets.

It is with this in mind that in the 3-year plan launched in 2014, the MGA set to, progressively, consolidate and reposition Malta as a centre which fosters excellence, efficiency, and an intelligent and responsible gaming industry.

The regulatory overhaul is now being progressively rolled out. Prior to the white paper the MGA has published various policy papers and, importantly, the draft regulations concerning Skill Games (notified to the Commission in August 2016) and the Legal Notice which exempts Fantasy Sports Games from the current regulatory requirements. The generally new and innovative approach which the Government and MGA are proposing in the new legislative framework for the governance of the sector, which must co-exist with more traditional mechanisms of regulation, are being presented as part of wide consultation process which will precede presentation to Parliament. While the MGA has sought

input from various and a wide array of stakeholders, all parties are encouraged to provide any feedback they think is appropriate in order to make this new regime a winning regime, for all involved in the sector.

The new regulatory regime is a cornerstone of the consolidation and repositioning strategy by Malta in the global gaming sphere. However, both Government and the MGA are well aware that there are other critical contributory factors that sustain this important and economically significant industry in Malta and the focus is indeed to strengthen this position as we go forward, in order to support its investments in innovation, diversification, operational and regulatory efficiency, skills development and long term success.

One of the challenges Malta faces, like a number of other jurisdictions, concerns direct taxation. It is no secret that Malta does not agree with EU tax harmonisation, or measures that will have similar effect, and Government is committed in its resolve and will continue to strive in order to ensure that Malta's tax regime is retained.

Malta is today also endowed with a fully developed and sophisticated eco-system of infrastructure and services that support the i-gaming industry and its dynamic development. While Malta may not provide the lowest cost of total operation, it offers one of the most reliable, cost efficient, transparent and business friendly environments for the industry which is valued by hundreds of operators as a distinctive advantage over other potential jurisdictions for both start-ups and bigger established businesses to re-locate as the numbers continue to show, year on year.

We will continue to support the existing ecosystem and take the necessary measures to address any shortages or new needs that growth has brought or may bring about. The MGA conducted a multitude of studies, and have listened to various individual stakeholders highlighting the need of certain skills and competencies. In 2017 Government will be revising its measures in order to make it even more attractive to secure and retain the right skills and competencies in Malta. The Gaming Institute will also be launched and commence its operations to provide the professional development of industry specific competences necessary.

There will be other initiatives and projects during the coming year which will continue to cement our resolve and commitment towards this sector. These may be peripheral to the regulatory structure and processes which will simplify establishment and operation by gaming companies, but equally, if not more, exciting and innovative. ■