

Governor Edward Scicluna

Malta Central Bank

Punching Above One's Weight

In January 2021, Professor Edward Scicluna was appointed Governor of the Central Bank of Malta following a successful stint as Minister of Finance. Penresa had the immense privilege to meet with him to discuss Malta's exceptional economic growth.



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How did Malta's finance sector tackle the difficulties caused by the pandemic?

Malta never went into complete lockdown, just partial ones, and this allowed the financial service industry survive and operate throughout. There were enormous incentives for people to work from home, not just in terms of providing a laptop but also in the provision of software, training, with systems and institutions gearing themselves up to operating in a fragmented manner. The previous crisis of 2008, and successive years, proved very useful in terms of the reforms we carried out. Every crisis is different, and we've never experienced anything like this, but the effect on liquidity solvency, foreign insurance and the question of capital and adequacy, would have really hurt us if we had not already carried out reforms in the banking and financial service industry. We haven't stopped reforming and providing capital adequacy and liquidity ratios and, indeed, the pandemic found the financial service industry well prepared for any eventuality which stressed the system.

What initiatives are being implemented to ensure that Malta sees a healthy recovery?

The Central Bank has been at the forefront in pushing government loans for businesses and the government has decided to pay the interest on two-year loans. When I was Minister of Finance, we also implemented the possibility for tax deferral which in turn provides a lot of liquidity. From a monetary point of view, we have a number of instances to work patterns and pump liquidity and are working together with the ECB to fund millions into the system. Malta Central Bank buys government bonds, providing further liquidity to the system, and we will continue to do so until we see that inflation is benign and low.

What green finance initiatives are being implemented to support the Network for Greening the Financial System (NDFS)?

The climate crisis will be devastating if we continue ignoring it; everybody has to chip in,

including the Central Bank, not just because of climate change but also to counteract the measures which the government will take against that crisis. For example, if the government says that because of the carbon issue they will banish fuel, diesel and petrol cars after a certain date, that's a big economic shock. Many measures are going to change our behavior one way or the other. There are at least two ways it can approach it: one is the monetary policy itself and the other one is investment policy. As far as our investment policy and portfolio is concerned, we have begun to exit certain industries and delve into others.

In your opinion, what benefits can Malta offer to the Middle East, and what advantages does the Middle East bring to Malta?

There are a lot of affinities between us. We want to be an international center and are highly motivated to succeed. We share a similar mentality in which we understand that no-one owes us a living and we have to be smart due to our size and lack of resources. Larger countries are more complicated and have more political and regional issues, Malta, like Dubai, is more focused. We belong to Europe, but also belong to North Africa and the Middle East. We know our place geographically and this comes across in any business venture outcome carried out here.

For the Forbes Middle East reader and discerning investor why is NOW the best time to invest in Malta?

Malta is full of surprises: it has been one of the highest growing economies in the European Union over the past seven years, and is one of the countries with the most the people vaccinated during the pandemic. I think these are important aspects to take note of in order to come and visit the country. As the English saying goes, in Malta we are punching above our weight, which perfectly represents our situation and potential.

