

Future realized

EY Attractiveness Survey

Malta | 20 YEARS ON

October 2024



Shape the future
with confidence





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Foreword

**Ronald Attard**

EY Central, Eastern and Southeastern Europe & Central Asia (CESA) Strategy and Transactions Leader and Country Managing Partner for Malta

We started running an attractiveness survey twenty years ago and two years later organized our first Malta attractiveness event. I remember that was attended by some fifty people. This year, we will be hosting over 1000 people at our rebranded Future Realized event.

Over these twenty years, our event has changed and grown. And so has Malta. Our 20th survey reflects a changed Malta.

Our survey looks into what makes Malta more attractive or less so since 2004. While some elements have been consistent over our 20-year journey, a lot has changed.

There has been a recovery from the lows of 2019-21, although attractiveness has dipped slightly this year. Telecommunications infrastructure has been a resounding constant positive over the years, yet some criteria that, in our earlier surveys, were a major draw are no longer viewed as being so attractive. The stability of social climate has scaled down from the peaks experienced when we started undertaking our research. Labor cost and skills, which were a major selling point, are now a challenge, with the increase in labor costs likely being a consequence of growth. The stability and transparency of the political, legal and regulatory environment, although improved from 2020-21, remains distantly low from the highs of 10 years ago. Transport and logistics infrastructure, which was always a challenge, continues to be perceived badly, with the challenge exacerbating over the last two years.

It is not surprising, therefore, that skills, tax reform and reputational concerns are being highlighted by respondents as the challenges to address.

Growth pains and strains are evident throughout the responses. Unsurprisingly, 70% view Malta's infrastructure as inadequate. Infrastructure and education are seen by most as the key areas that Malta needs to prioritize – with some adding economic planning.

Against this background of economic growth, we are losing ground in two of the most fundamental areas that potential investors assess – workforce skills and availability, as well as stability of the political and regulatory environment.

In our survey, we sought to discover whether respondents would prefer less growth.



The survey indicates, probably unsurprisingly, that despite the challenges in attractiveness and infrastructure readiness, only one in 10 respondents want less – the majority of investors want more quality, and one in every four want more of everything. And the solution, according to respondents, is enhancing and nurturing investment, with some arguing for rationalization or sharing of infrastructure and resources but very few for slowing growth. Demand for more investment is pervasive across different areas – education, energy, roads, health and natural environment.

On a positive side, four in 10 investors plan to expand. And 70% believe they will still be here in 10 years – a proportion higher than that of 10 years ago. Tourism and technology – gaming, artificial intelligence (AI) and FinTech are seen as Malta's future. Technology is viewed as the major driver for change – overtaking sustainability. When it comes to technology, availability of the necessary skills is viewed as more important than government support. Close to two-third of respondents view Malta as being attractive, or at least as attractive as other European countries, when it comes to technology.

Leveraging Malta's strengths in telecommunications infrastructure and technology, not least the significant skills base on the island built through the growth of the gaming industry, may be part of the answer.

Last year, we referred to calls from a number of groups including government, the opposition, The Malta Chamber, industry groups, employer associations, trade unions and society, suggesting the need for an adjustment or change to the island's economic model, to one that emphasizes substantial, tangible improvements in infrastructure, the labor market and holistic economic sustainability beyond mere numerical growth. And those calls are more pronounced this year.

The desire to **build** more infrastructure is there, particularly as businesses continue to expand. When we refer to build, it is not necessarily bricks and mortar. In fact, the greatest call is in education. There is some opportunity to **share**, which will need effort in building consensus, not least in sharing risks and rewards. We also need to question if the island is, at least in some areas, served better with more or less. Logistics immediately comes to mind as an opportunity to explore in alleviating growth pains. Perhaps Malta should even help its businesses to offshore some of their less value-adding processes and functions to cheaper locations. In a more globally connected world, collaboration is key. And choices need to be made.

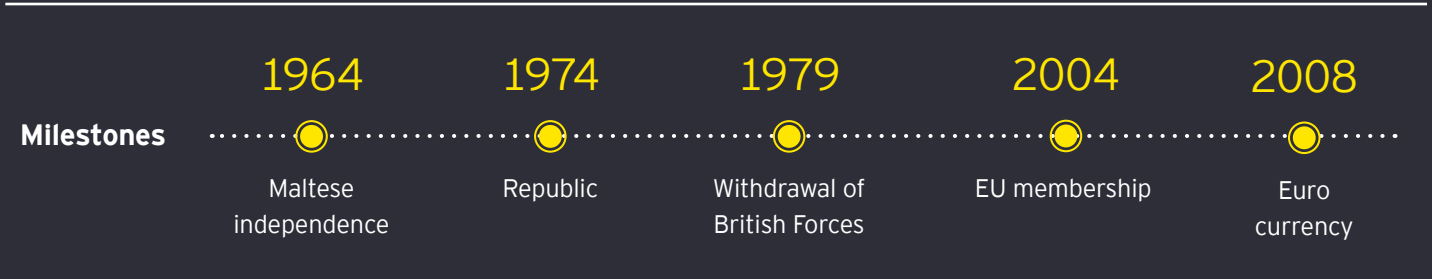
Both the public and private sector need to **engage** with new technologies to manage growth in as efficient a manner as possible. Views on the ground are encouraging. And this should help us to not only be efficient but also **change** behaviors to sustain the island's attractiveness and appeal. This does not mean that the road ahead is easy, as we need to develop and **generate** the right skill sets, particularly with the young generations coming into the workforce.

We believe that, yet again, this survey provides an objective assessment of the nation's current attractiveness levels, and we at EY look forward to discussing and debating this with all stakeholders. We will, during the forthcoming year, continue the debate through specific sessions focused on **build, share, engage, change and generate** to support Malta in preparing to face, in a sustainable manner, the challenges brought about by the rapid growth experienced to date, as well as the challenges and opportunities that changes in technology provide.



The Maltese economy

Area 316 km²	Population 542,051	Official languages Maltese English
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Unemployment rate

3.0%

August 2024¹

Inflation²

Harmonised index of consumer prices (HICP)

3.7%

January 2024

2.4%

August 2024

Inbound tourists

2,975,670

January to December 2023³



30%

over 2022

Imports⁴

€8577.5m

2023



€677m

Main decrease from mineral fuels, lubricants and related materials

€5,167.8m

January to July 2023



€147.1m

Exports⁵

€4516.3m

2023



€15m

Main increase from mineral fuels, lubricants and related materials

€2,711.3m

January to July 2023



€208.9m

¹ NSO Malta, News Release 160/2024, 2024.

² Eurostat; EY calculations.

³ NSO Malta, News Release 124/2024, 2024.

⁴ NSO Malta, International Trade in Goods: July 2024.

⁵ NSO Malta, International Trade in Goods: July 2024.

Government finance⁶

Government deficit as a % of GDP

4.9%

2023

4.1%

2024 F*

Government debt as a % of GDP

50.3%

2023

52.3%

2024 F*

GDP (at market prices)⁷

€20,650.4k

GDP 2023

↑ 13.2%

2023 over 2022

↑ 9.6%

H1 2024 over H1 2023

GDP annual real growths⁸

5.7%

2023

4.4%

2024

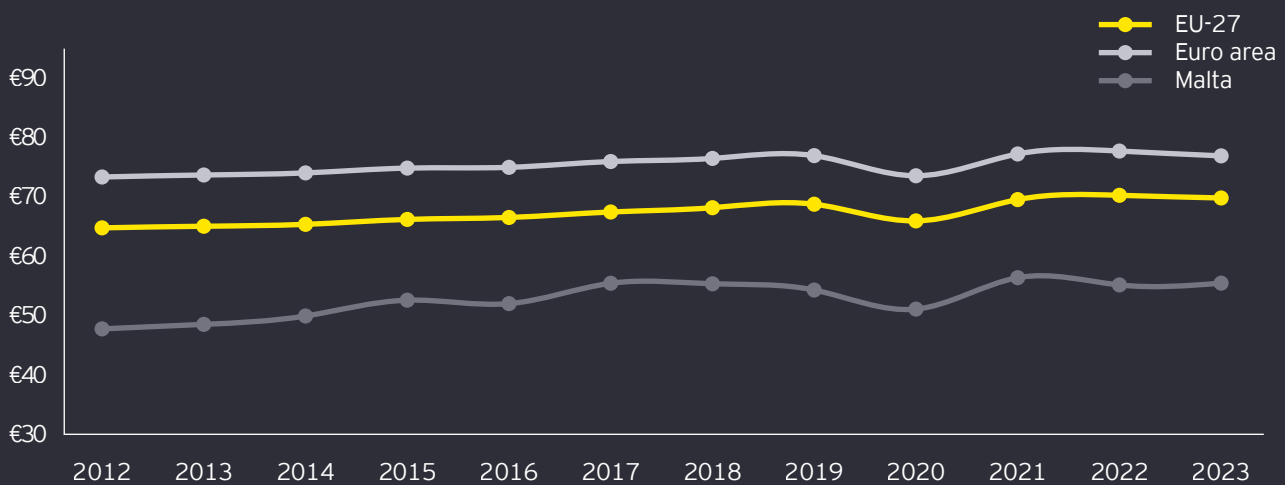
3.5%

2025 F*

3.4%

2026 F*

Productivity (real GDP per worker)



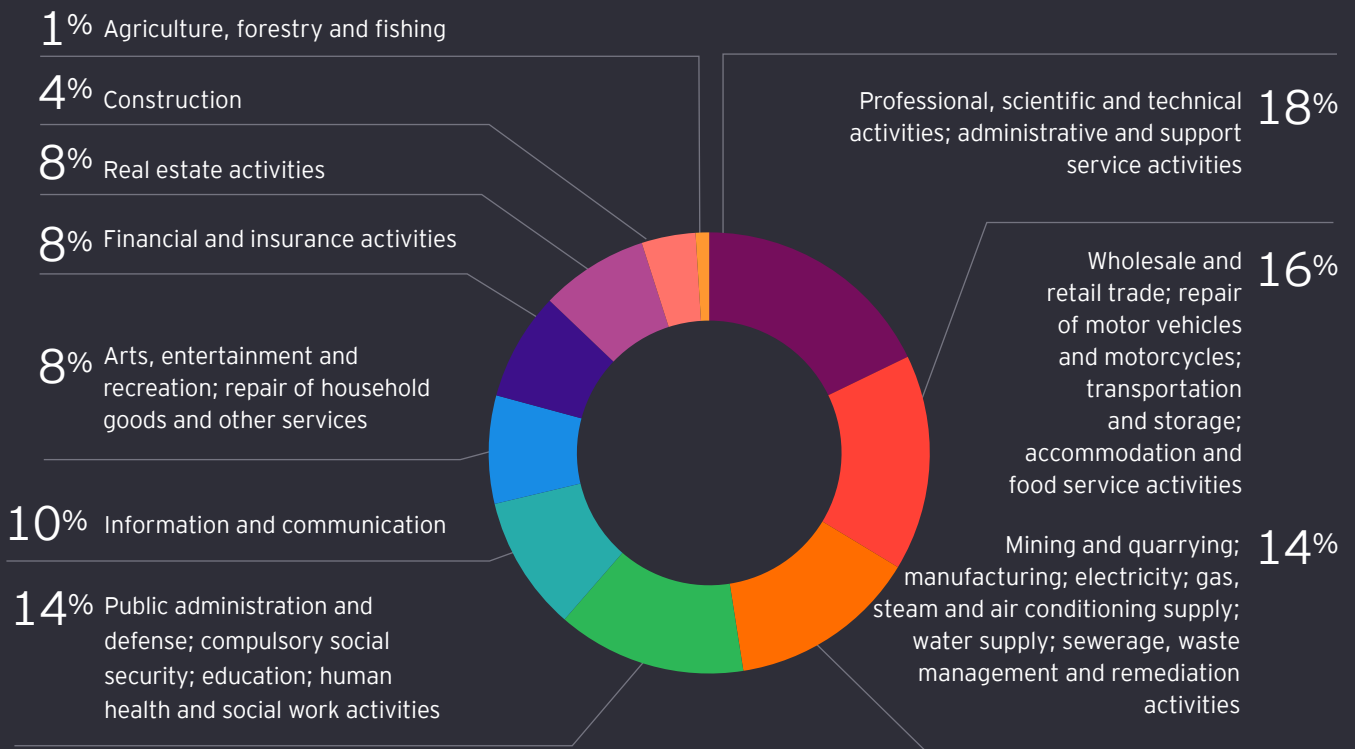
⁶ NSO Malta, News Release 157/2024, 2024.

⁷ NSO Malta, News Release 159/2024, 2024.

⁸ CBM, Central Bank's Forecast – 2024-2026, 2024.

Note: F*=forecast.

Gross Value Added (GVA) by industry for 2022⁹



⁹ NSO Malta, News Release 159/2024, 2024.

The Maltese economy¹⁰

The Maltese economy continued to register robust growth, albeit more moderate than in 2022, with 5.6% real growth in 2023 (euro area: 0.4%) and a further 4.4% projected for 2024. In nominal terms, the 2023 GDP growth was double the real rate, at 11.2%, reflecting high inflation rates. GDP growth in real terms is expected to ease further to 3.6% in 2025 and 3.3% in 2026.¹¹ Recently, Fitch also affirmed its A+ credit rating for Malta, in line with a stable outlook for the economy.

During 2023, the pace of annual inflation eased to 5.6%, down from 6.1% in the previous year. The year saw a relaxation in the inflation surge of 2022 as supply chain improvements and the stabilization of certain import costs helped alleviate upward price trends. In the early part of the year, Malta's HICP inflation rates were lower than those of the broader euro area. However, by year's end, Malta's rate surpassed the euro area's, primarily due to differences in energy price trends. Energy costs in Malta remained stable, in contrast to the euro area, where energy prices initially surged with double-digit increases until February and then declined for most of the subsequent months. The reduction in overall inflation from the prior year was attributed to a deceleration in the price growth of non-energy industrial goods and services. On the other hand, food prices made a marginally higher contribution to the overall HICP inflation.

The labor market in 2023 and 2024 continued to exhibit a persistently high ratio of job vacancy to unemployment, indicating a tightening labor market. Employment continued to benefit from the ongoing normalization of economic activity, and the unemployment rate remained at a low 3.1% for 2023 (euro area: 6.5%). Unemployment is expected to remain at around 3% for 2024 and 2025. The number of foreign workers coming into the country is also expected to decrease due to the new policies affecting certain industries.

For example, there are now requirements for a skills card and a temporary stop on hiring new food delivery couriers and taxi drivers. As a result, the rate at which new jobs are being created is predicted to be 3.9% in 2024, down from 6.7% in 2023. This slowing trend in job creation is expected to continue, dropping to 2.4% by 2026 as the overall economic growth eases.

During 2023, the fiscal deficit narrowed, partly driven by buoyant tax revenue and the phasing out of expenditures related to the COVID-19 pandemic. Nonetheless, the final deficit for 2023 at 4.9% of GDP (2022: 5.5%) remained above the 3% deficit threshold, in part due to inflation mitigation measures to cushion domestic energy prices, as well as the national airline's restructuring costs. Government deficit is projected at 4.3% of GDP in 2024 (dropping to 3.9% in 2025), while national debt is estimated at 52.0%, slightly increasing to 52.6% in 2025 (from 4.9% and 50.4% respectively in 2023). This decrease in the deficit is primarily attributed to the controlled increase in spending on goods and services, as well as restrained public sector wage expenses. Additionally, the diminishing financial impact of the national airline's restructuring efforts is anticipated to further aid in lowering the deficit.

Downside risks to economic activity are linked to the envisaged weaknesses in continued inflationary pressures, and any easing of government support measures. Medium to long-term challenges relate to the impact of changes in the international tax system.

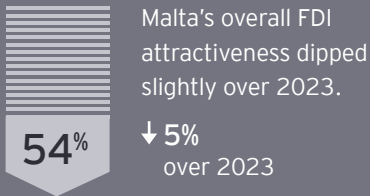
¹⁰ CBM, Annual Report 2023: Jobsplus, Foreign Nationals Employment Trends, 2022; Economic forecast for Malta, Spring 2024; NSO Malta, News Release 039/2024, 2024; CBM, Outlook for the Maltese Economy 2024:3, 2024.

¹¹ Supplementary to forecasts by the CBM, the International Monetary Fund (IMF) has projected economic growth for Malta in real terms at 3.8% for 2023 and 3.3% for 2024, in its October's edition of the World Economic Outlook.

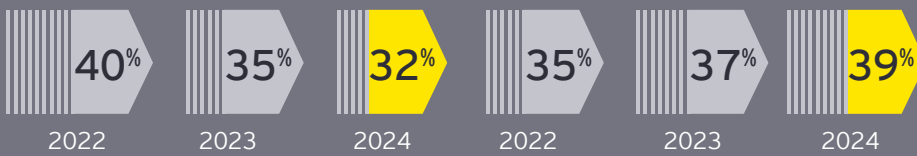
Executive summary

Attractiveness

01



64% Telecommunications attractiveness to foreign investors has remained relatively high and consistent over the years.

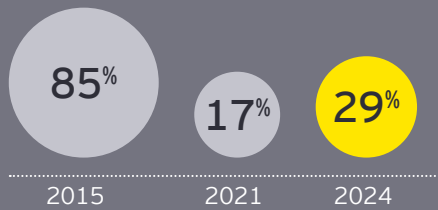


62% The attractiveness of the stability of Malta's social climate for FDI in 2024 is the same as for 2023.

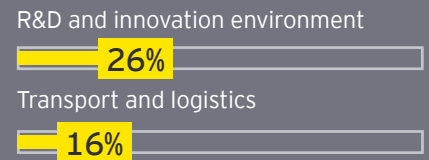
Local labor skills decreased in attractiveness from previous years.

Labor costs improved slightly between 2022 and 2024.

The stability and transparency of Malta's political, legal and regulatory environment is now close to the bottom of the attractiveness scale at 29%.



Least attractive FDI parameters



Presence in Malta

02

70% believe their long-term future (10 years) is in Malta.

38% have expansion plans over the next year. This is similar to last year's result, but less to what it was a few years ago.

86% believe that a long-term national strategy is important to support their investments and presence in Malta.

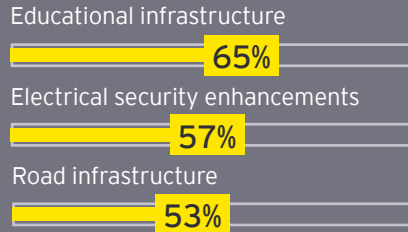
Infrastructure

03

70% of stakeholders believe Malta's infrastructural foresight for population growth to be inadequate.

Malta's physical infrastructure is impacting its investment attractiveness.

Top infrastructure priority areas for investment



76% believe that enhancing Malta's infrastructure is the most important for its success. Sixteen percent believe the country should slow its growth.

Skills

04

49% of companies have increased **rewards and compensation**, and **intensified recruitment** (45%) efforts in the past year.

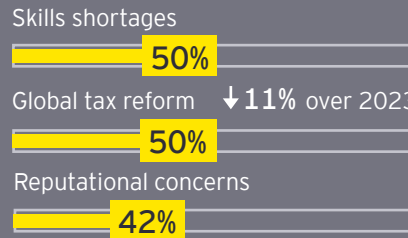
The number of companies hiring **third-country nationals** (43%) is **significantly higher** than those hiring from **other EU countries** (34%).

51% believe that the **cost of living and housing** is the largest barrier to recruiting and retaining international talent.

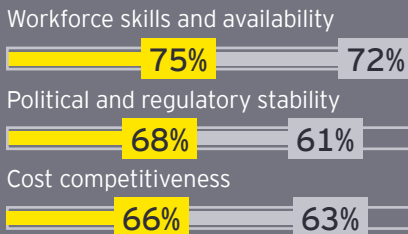
Future

05

Biggest risks to Malta's FDI

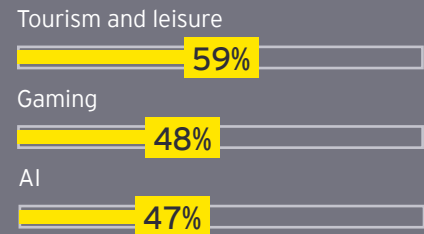


Investment location choices that companies prioritize

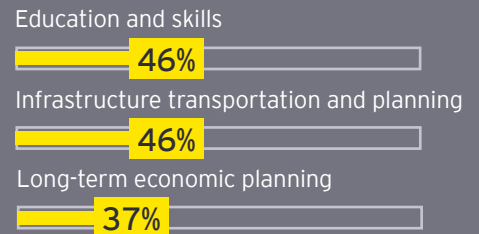


■ 2024 ■ 2023

Leading business sectors in Malta over the next five years remain the same



Priorities for Malta to remain globally competitive



Technology

06

46% Malta is similar to other European nations in terms of technological appeal for nearly half of the investors. Nearly half (46%) consider Malta to be as attractive as other countries in terms of technology appeal. Seventeen percent find it more attractive than other countries.

61% ↑ **12%** over 2023
Artificial intelligence (AI) is the principal emerging technology for investment at 61% (increase of 12% from 2023), outpacing **intelligent automation** investments (45%) and the **distributed cloud** (33%).

58% of businesses underscore the very high impact of **secure and resilient international connectivity** on their operations.

Malta's FDI attractiveness trends over 10 years

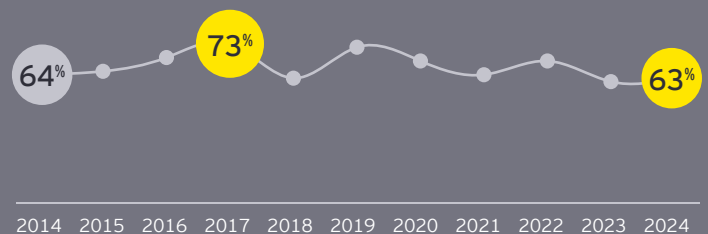
Looking back over the years

EY has been carrying out this perception survey in Malta among the FDI community for the last 20 years. The annual results have been shared with private and public policy leaders both in Malta and abroad, and have supported our common efforts to make the country a better place to invest, operate from and live in.

On the 20th anniversary of this initiative, we are taking the opportunity to look back at some key results and trends in the areas that we have surveyed consistently over the last 10 years.

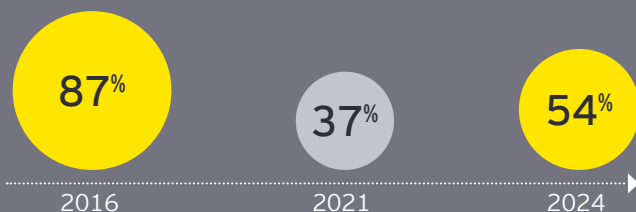
Telecommunications' FDI attractiveness remained relatively high and consistent over the years.

A solid regulatory framework coupled with continuous private investment in the sector created a stable foundation for investors in the island. Despite numerous rapid changes and telecommunications regulatory developments over the decade, the same level of FDI attractiveness was maintained – from 2014 to 2024 (around 64%).

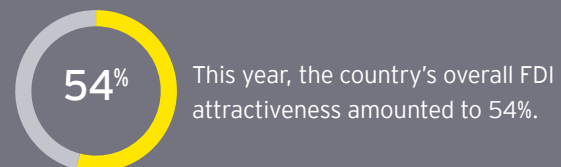


Malta has been attractive to FDI over the years.

Malta has generally been perceived to be attractive to FDI over the years – with the highest score, 87%, recorded in 2016. In one year – 2021 – attractiveness experienced a significant dip, with positive replies (37%) being lower than the not attractive replies (47%).



Having a clear regulatory framework and continuous private investment in the sector created a stable foundation for investors.

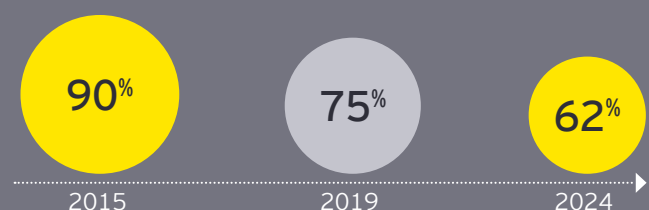


Social climate stability FDI attractiveness has gently declined over the years.

Historically respondents have been attracted by Malta's social climate. In 2014-16 this was among the top three FDI parameters.

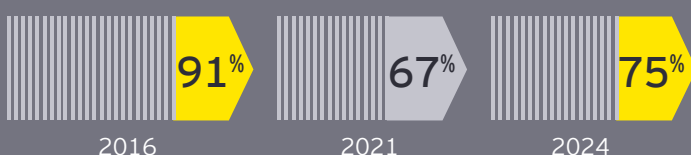
The decline has been experienced in parallel with rapid changes in population and the country's general growth.

In 2024 (62%), the score was 13% lower than 2019 and 25% lower than 2015.

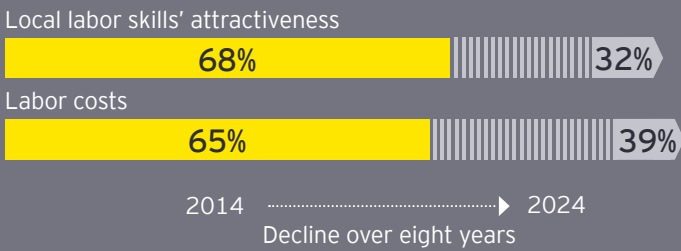


Corporate taxation remained the highest FDI parameter for the country throughout the decade.

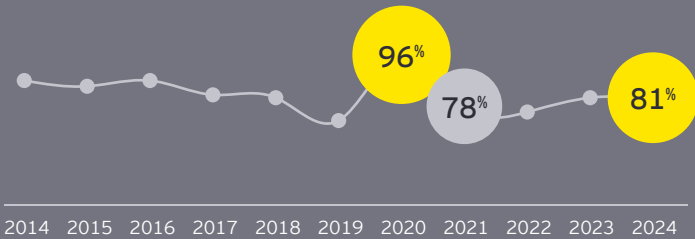
Corporate taxation as an attractiveness criteria was relatively stable throughout the decade but peaked in 2016 (91%) and dipped in 2021 (67%).



Key human capital-related FDI attractiveness parameters are much less attractive now than in previous years.



Specialized personnel retention rates have always been above 78% throughout the 10 years, going up to 96% in 2020 in the year of the pandemic.



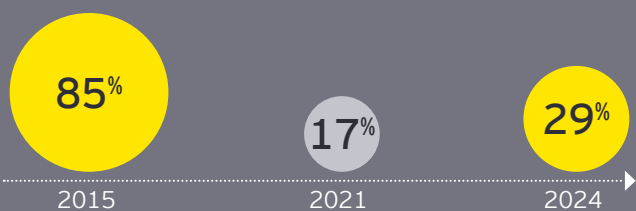
Challenges to find specialized personnel have gradually increased.



COVID-19 influenced employment market priorities, with a large increase in remote working practices.

Previously strong stability and transparency of our political, legal and regulatory environment is now much weaker.

In 2015, at 85%, it was the second-highest after social climate, and close to the highest, corporate taxation and the attractiveness of Malta's faced a significant dip in 2020. In 2021, it was the lowest parameter (17%). In 2024, it continued to rank in the bottom three, with a 29% attractiveness rating.



The R&D and innovation environment's attractiveness has been consistently weak.



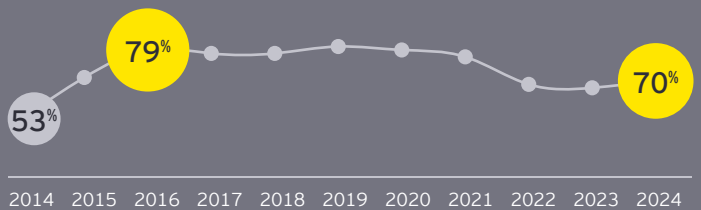
Transport and logistics has been the least attractive for foreign investors throughout the decade.

Transport and logistics has been the least attractive FDI parameter for the country over the years: 25% in 2014, dropping to 19% in 2019 and now 16%.



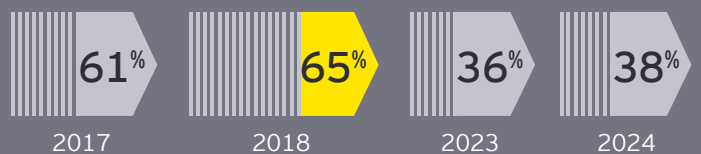
Investors maintain confidence in their long-term presence in Malta.

Seventy percent of respondents believe their long-term future is in Malta. It amounted to 53% in 2014 and has hovered between 71% and 80% over the past decade.



Expansion plans remain throughout.

In line with other indicators that peaked at the height of Malta's economic boom, this peaked between 2017 (61%) and 2018 (65%). In 2023, expansion plans were at their lowest (36%), with a slight uptick this year.



Respondents' priority sectors for Malta are consistent with national and international developments over the decade. The Malta Attractiveness Surveys over the last 10 years also reflect respondents' different realities and changing priorities over the years.

Results of our 20th survey



Perception of Malta's attractiveness

As we mark the 20th edition of the Malta Attractiveness Survey, we observe a period of transformation and reflection. Over these 20 years, we have seen sentiments of foreign direct investment (FDI) investors evolve as they have witnessed Malta's journey from its buoyant post-EU accession days to a more complex present where attractiveness has plateaued. Resolve for growth remains undiminished.

Surveyed during July and August 2024, the diverse cohort of foreign investors – spanning a range of sectors and company sizes – provides a perspective that is both historically grounded and forward-looking. The continuity in respondent profiles over the annual surveys allows for a meaningful comparison with past results, enabling the insights we glean to be rooted in a deep understanding of Malta's investment climate over time.

In this chapter, we delve into the core areas that define Malta's attractiveness for FDI, as discussed with the respondents:

- ▶ **Attractiveness:** assessing the current state of Malta's attractiveness for FDI in light of recent economic and social shifts
- ▶ **Future:** envisioning the sectors and innovations that will drive Malta's economic trajectory
- ▶ **Sustainability:** emphasizing the critical role of sustainable practices in securing a resilient investment environment
- ▶ **IT:** understanding the impact of digital transformation on Malta's competitive edge
- ▶ **Infrastructure:** confronting the infrastructural demands of a growing economy and population
- ▶ **Skills:** highlighting the pressing need for workforce development to meet the evolving demands of a dynamic market
- ▶ **The way forward:** charting a course for Malta's investment landscape through strategic planning and social dialogue

Attractiveness

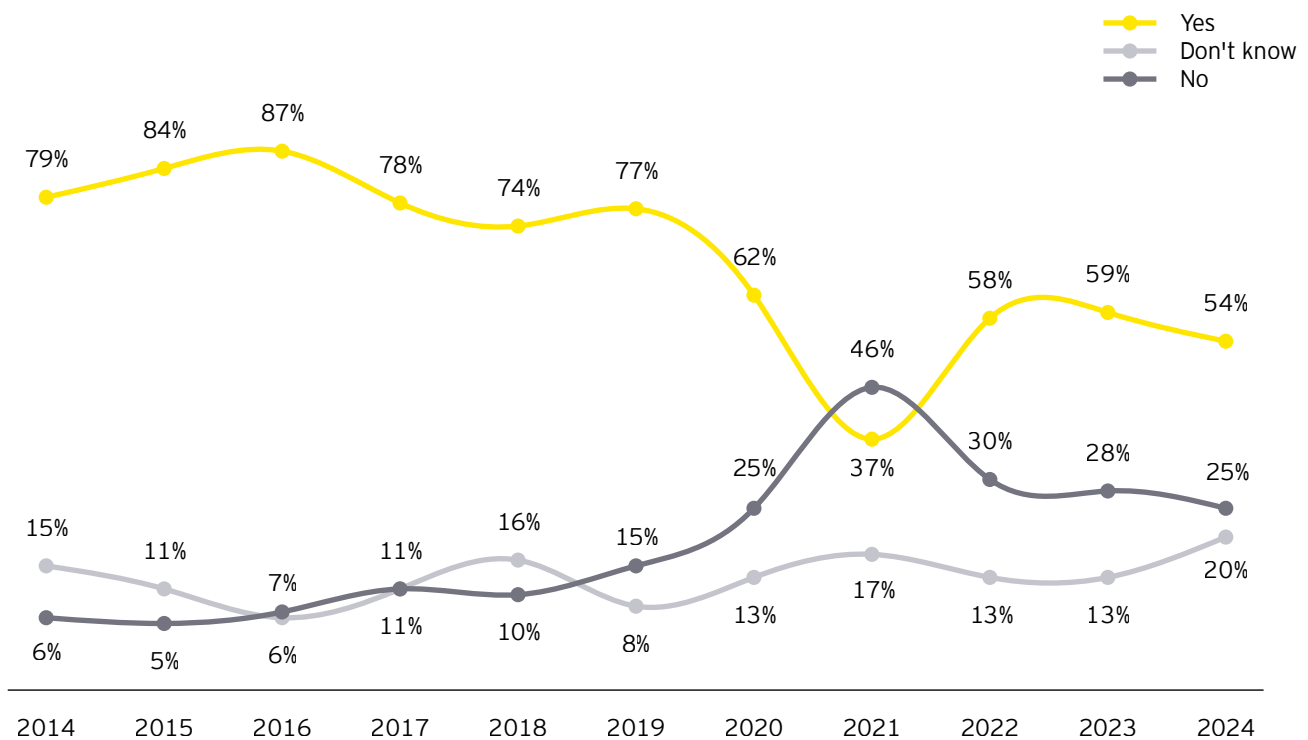
Fifty-four percent of existing FDI investors believe that Malta is currently attractive for FDI.

Malta's attractiveness as a destination for FDI has seen notable changes in recent years. In 2024, 54% of existing FDI investors still regard Malta as an attractive location for investment, a decrease of 5% from 2023.

Despite this dip, the current attractiveness rating is higher than the 2021 low, while remaining lower than the ratings it received up to 2019. Although investors continue to appreciate the strategic benefits Malta offers, challenges persist and require urgent attention to maintain long-term growth and appeal.

Figure 1

Malta overall FDI attractiveness index



Source: all 2014-24 respondents.

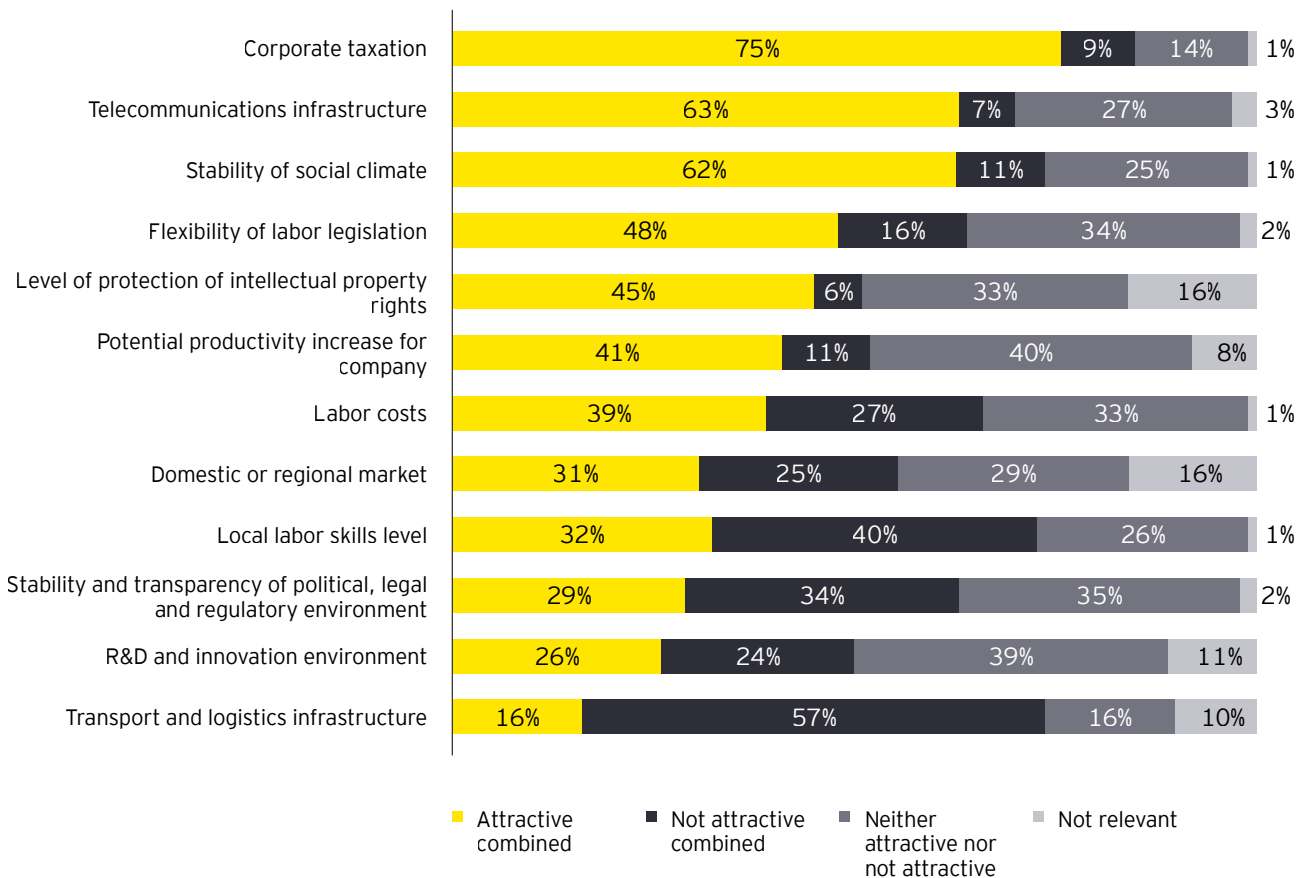
Corporate taxation (75%) remains Malta's top parameter to attract FDI, followed by the attractiveness of its telecommunications infrastructure (63%).

Malta's corporate taxation remains the most attractive FDI feature, with 75% of respondents citing it as a key reason for their investment in Malta.

The country's telecommunications infrastructure follows closely, with 63% of investors considering it a significant advantage. This aligns with Malta's growing role as a digital economy hub, where reliable connectivity is critical for sectors such as finance, gaming and technology.

Figure 2

Attractiveness scoreboard – Malta's FDI attractiveness



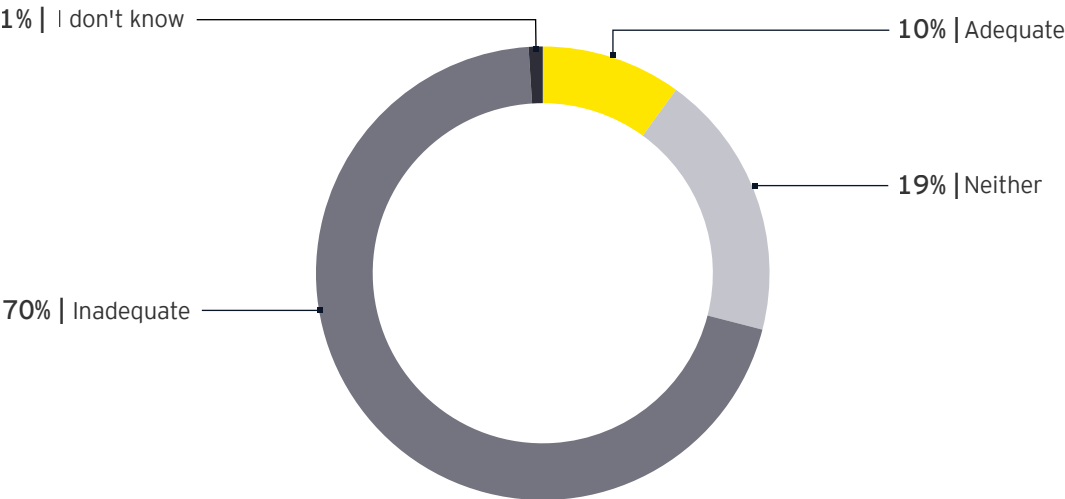
Source: all 2024 respondents.

However, the country is facing an increasing strain on its infrastructure. As Malta's economy continues to grow, and its population expands due to tourism and immigration, 70% of respondents expressed concern that its infrastructure is inadequate to meet future needs.

This imbalance is viewed as a deterrent, with investors calling for immediate action to build and improve infrastructure, particularly in transport and logistics.

Figure 3

Malta's planned infrastructure for population growth



Source: all 2024 respondents.

Additionally, when looking at the results over the last decade, some of the country's historical strengths have waned.

Only 29% of respondents now consider Malta's political, legal and regulatory environment as attractive, compared with the high of 85% in 2015.

Similarly, labor costs and skills availability, once strong selling points, are now seen as growing challenges. Only 32% of respondents view Malta's labor skills as attractive for FDI in 2024, and this has seen a significant drop over the years.

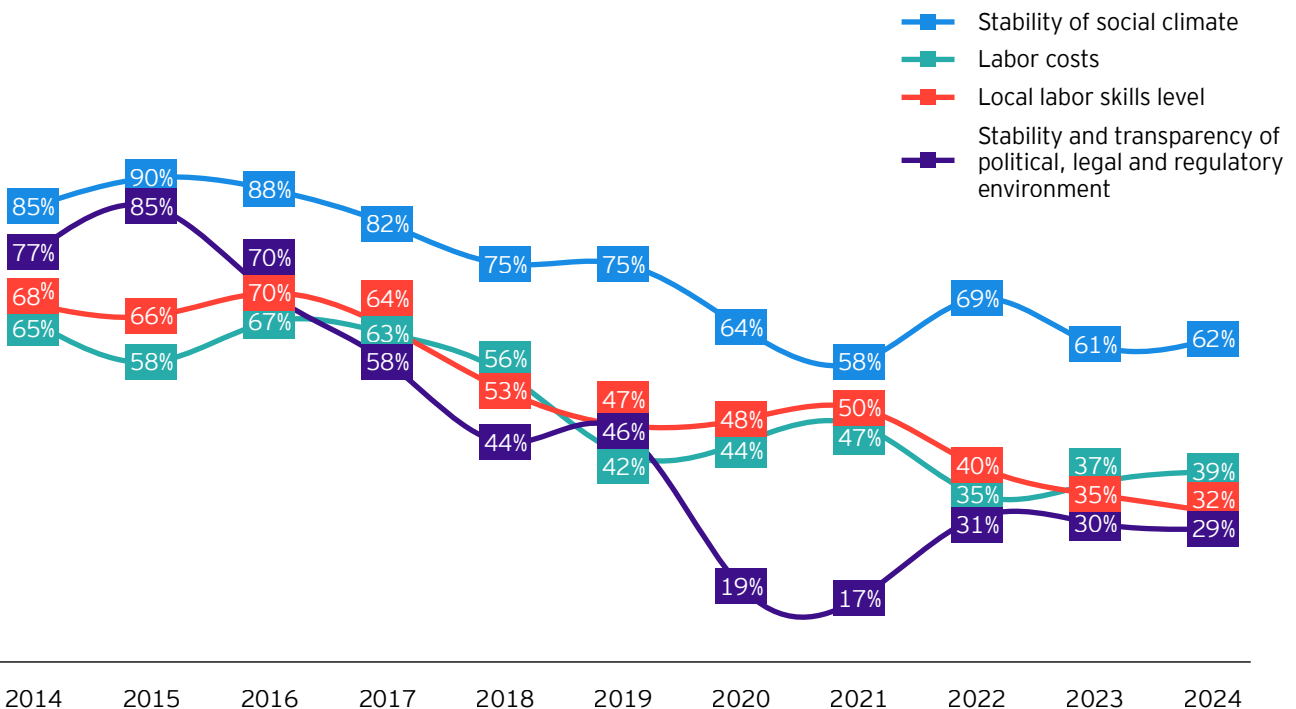
While corporate taxation and telecommunications infrastructure remain stable pillars of attractiveness, the social climate, previously seen as a strong factor, is now viewed less favorably by investors. Although in third place overall, stability of the social environment is attractive for 62% of respondents. This is lower than its previous attractiveness levels, which were as high as 90% in 2015.

Moreover, investors see Malta's R&D and innovation environment as one of its least attractive FDI parameters, with 26% saying that it is attractive and a similar number (24%) believing it to be not so. The FDI attractiveness of Malta's transport and logistics infrastructure has remained its least attractive FDI parameter over the years – and at 16%, it's now at its lowest level since at least 2014.

In summary, while Malta remains an attractive destination for FDI in a number of key areas, the need to rekindle the attractiveness of its social environment, boost the stability and transparency of the political, legal and regulatory environment, bridge the infrastructure gap, improve the innovation environment, and tackle the skills gaps and related competitiveness is urgent.

Figure 4

Attractiveness scoreboard - Malta's attractiveness parameters facing challenges



Source: all 2014-24 respondents.

Future

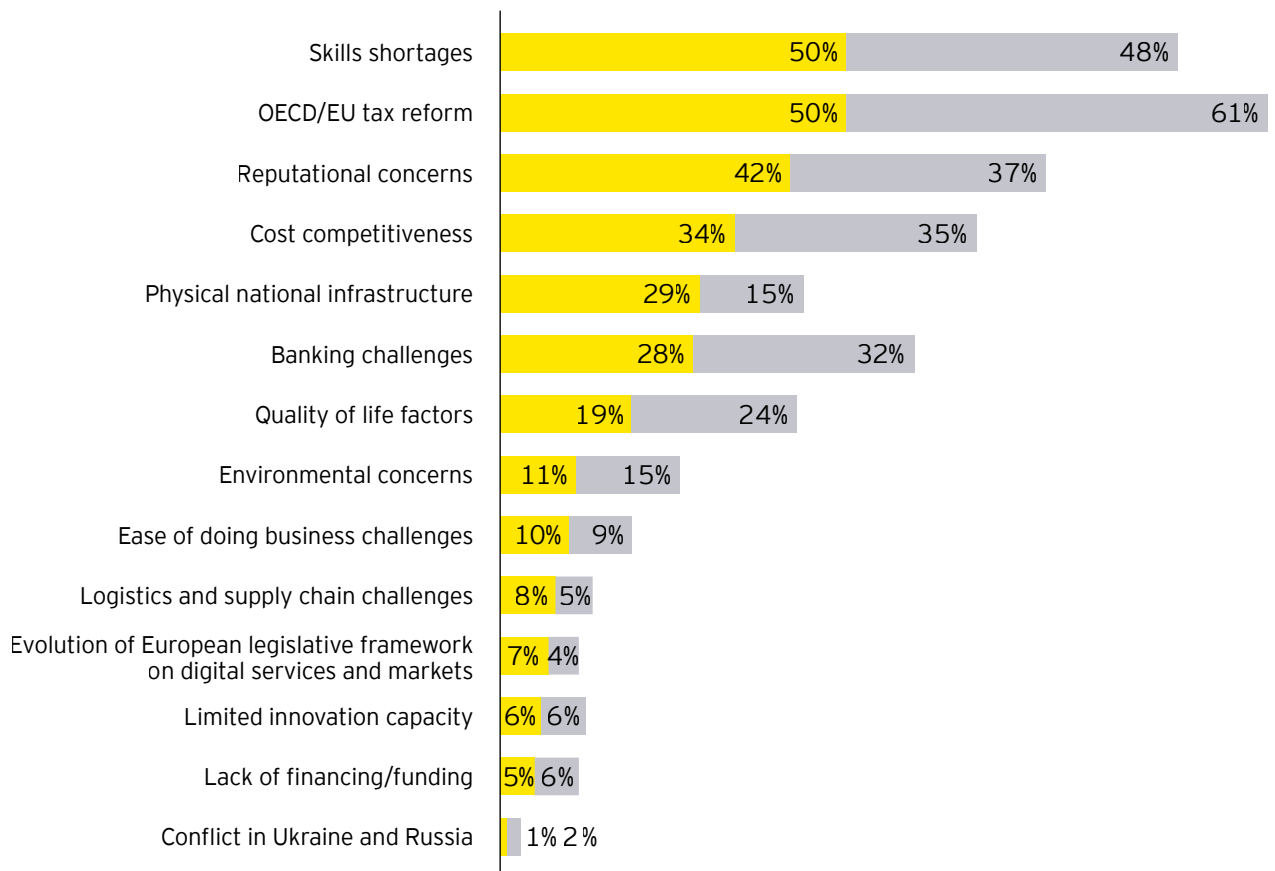
International tax policy changes and a lack of skilled labor remain the two major perceived threats to Malta's ability to attract FDI during the next three years. Reputational concerns, cost competitiveness and the physical national infrastructure follow.

In the 2024 Malta Attractiveness Survey, investors grapple with a dual reality: the enduring potential of Malta's economy and the emerging risks that could shape its trajectory. Skills shortages and global tax reform, each highlighted by 50% of respondents, stand as the twin pillars of concern that could influence Malta's FDI appeal in the near term.

The survey reveals a nuanced landscape of investor sentiment. Reputational risks, once a peripheral concern, have climbed to the forefront, with 42% of investors now viewing them as a significant threat. This uptick reflects a growing awareness of the need for transparency and governance, underscoring the importance of Malta's commitment to regulatory excellence.

Figure 5

Biggest risks facing Malta's investment attractiveness over the next three years



Source: all 2023-24 respondents.

■ 2024 ■ 2023

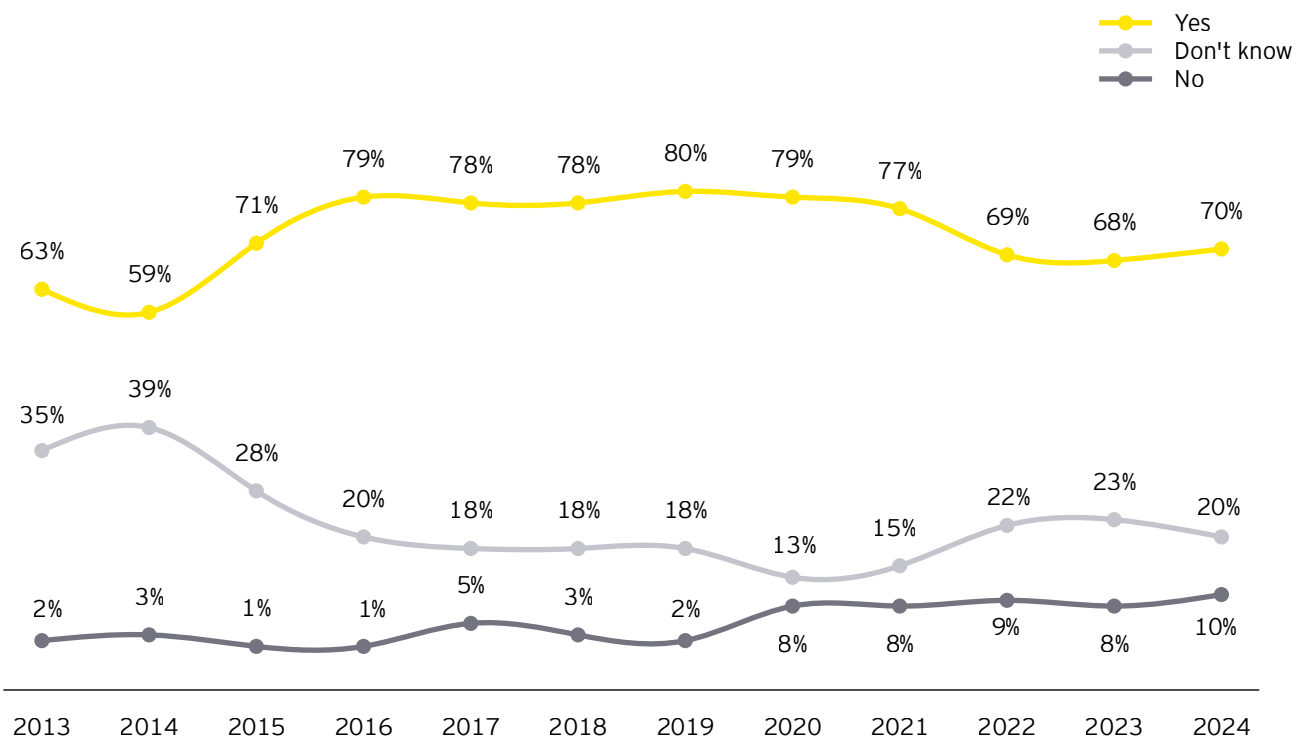
For the 10th year in a row, an overwhelming majority (70%) of companies still believe their long-term future is in Malta.

The spirit of Malta’s investment community remains steady. An overwhelming 70% of companies express confidence in their long-term future on the island, a sentiment that is stronger now than it was a decade ago.

This enduring optimism is matched by plans for expansion, with over one-third of investors poised to grow their operations, signaling a belief in Malta’s capacity to evolve and thrive.

Figure 6

Companies’ presence in Malta in 10 years’ time



Source: all 2013-24 respondents.

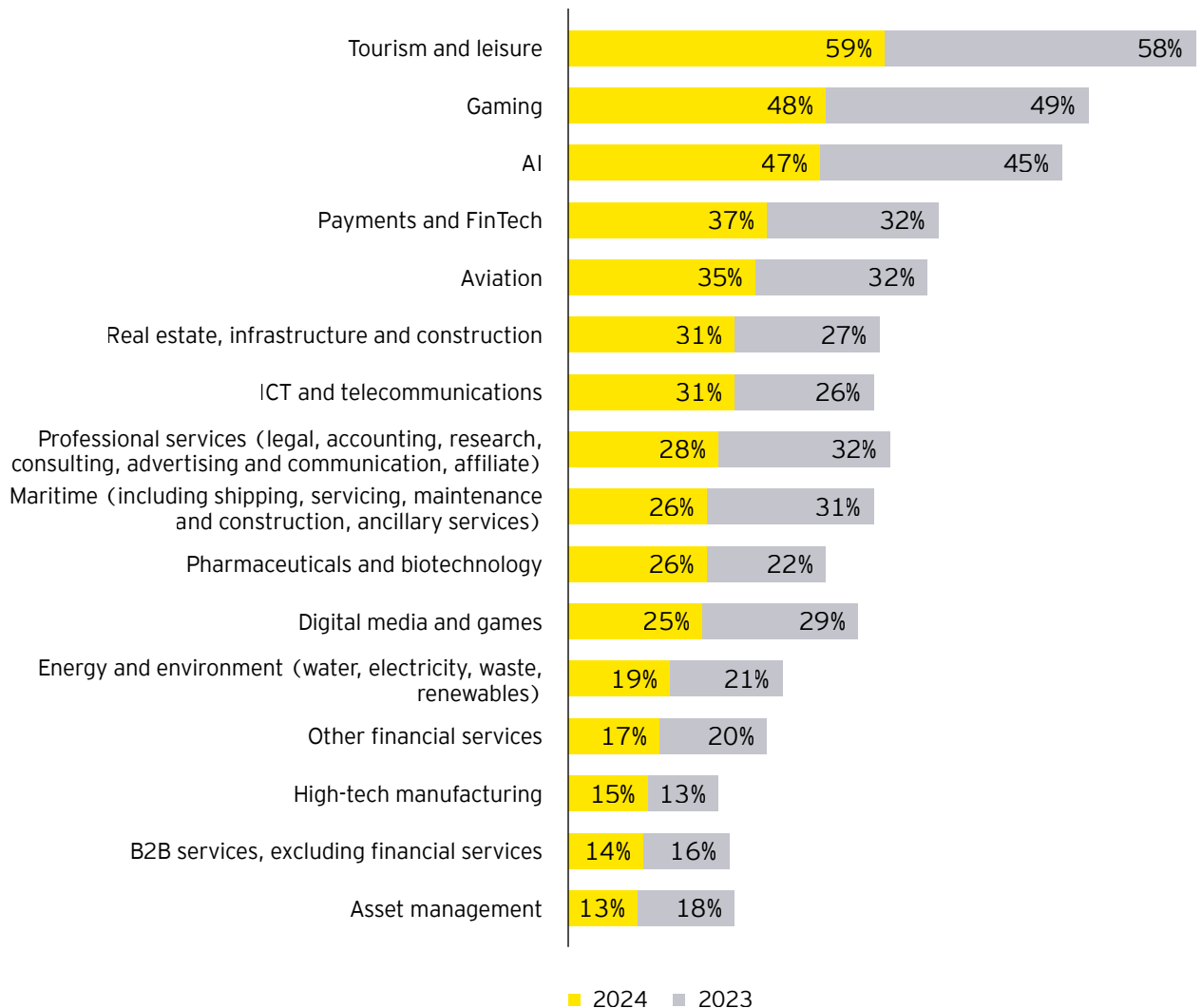
Investors continue to believe that, over the next five years, Malta's prominent business sectors will be tourism and leisure, gaming and AI.

As we look to the sectors that will drive Malta's growth over the next five years, tourism and leisure, gaming and AI emerge again as the frontrunners. Similar to the last few years' results, these industries, alongside payments, FinTech and aviation, are expected by respondents to harness Malta's strengths and propel the nation forward.

The emphasis on technology adoption and sustainability aligns with the vision of a Malta that is not only growing but also aiming to improve in quality and innovation, as outlined in the foreword of this report.

Figure 7

Leading business sectors in Malta over the next five years



Source: all 2023-24 respondents.

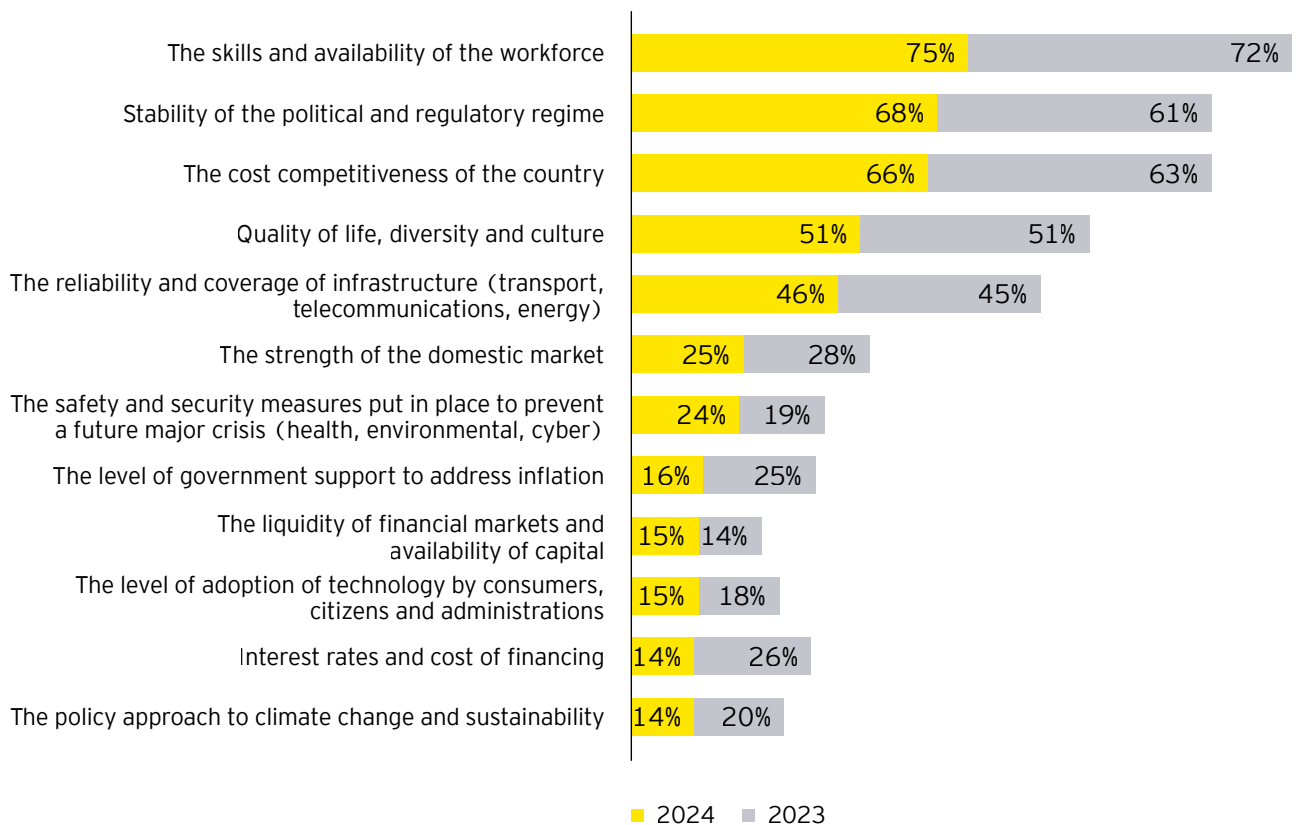
When selecting a possible location for investment, companies prioritize the skills and availability of the workforce and the stability of the political and regulatory regime. Cost competitiveness is the third most important parameter.

In selecting a location for investment, respondent companies prioritize the skills and availability of the workforce, stability of the political and regulatory regime, and cost competitiveness.

These determinants underscore the critical need for Malta to generate the right skill sets, ensure cost competitiveness and political stability, and engage in robust economic planning to remain attractive for investment over the next decade.

Figure 8

Determinants of company location choices



Source: all 2023-24 respondents.

Education and skills development ranks highest for Malta to remain attractive for investment over the next decade.

Education and skills development emerge as the top priorities for Malta to sustain its competitive edge. The survey findings resonate with the foreword’s call to action: to build upon Malta’s educational foundations, share resources wisely, engage with technological advancements, embrace change with agility, and generate a workforce that is ready for the future.














The drive to develop new economic sectors has slightly waned, receiving 16% of first mentions, a 6% decrease from 2023. Meanwhile, infrastructure improvements have climbed the

priority list, now in third place with 14%, reflecting a 5% rise and a jump of two positions from the previous year. These shifts indicate a recalibration of focus toward human capital and foundational enhancements.

These priorities, therefore, serve as a bridge between the present and the future, highlighting the strategic imperatives that will enable Malta to navigate the challenges ahead while capitalizing on the opportunities that lie within its grasp.

Figure 9

Malta’s priorities to remain globally competitive over the next decade

Parameter chosen as number one priority by respondents				
Parameter	Percentage of first-priority mentions	Percentage of change	Change in ranking over 2023	
Education and skills	21% 	5%	1	↑
Develop new economic sectors	16% 	(6%)	(1)	↓
Infrastructure, transportation and planning	14% 	5%	2	↑
Long-term economic planning	13% 	7%	4	↑
Reputation and brand	9% 	1%	-	↔
Ease of doing business	9% 	(3%)	(3)	↓
Environmental, social and governance matters	7% 	(3%)	(3)	↓
Strengthen institutions, enforcement and monitoring	3% 	1%	2	↑
Changing existing tax framework	3% 	(3%)	(1)	↓
Fiscal incentives to attract individuals with high/specialized skills	1% 	(4%)	(3)	↓
Stimuli to boost R&D and innovation	1% 	(0%)	-	↔
Support for established sectors	1% 	(1%)	(1)	↓
Shift to low-carbon economy	1% 	1%	-	↔

Source: all 2023-24 respondents.

Sustainability

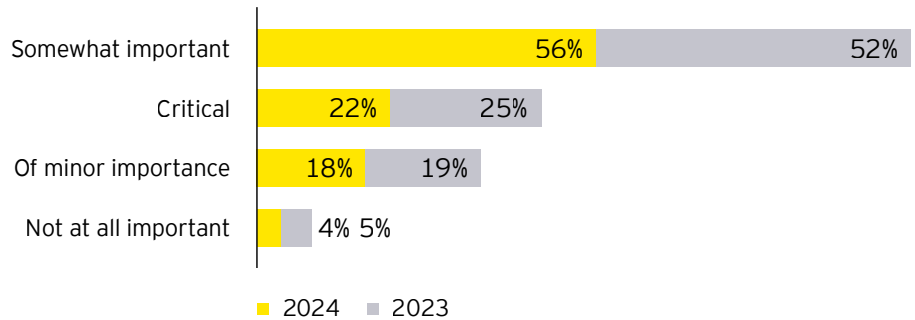
More than one-fifth of companies believe Malta's environment is critical to their investment strategies, while more than half believe it is somewhat important.

Sustainability remains a core consideration for investors in 2024, although there has been a slight shift in priorities. Ninety-six percent of companies continue to consider Malta's environment and sustainability as important to their investment strategies.

This is a subtle shift compared with the results seen in 2023, which may reflect a change in investor focus toward more immediate economic concerns, such as cost competitiveness and regulatory stability, particularly in light of global inflationary pressures and evolving tax policies.

Figure 10

Importance of Malta's environment and sustainability to investment strategies



Source: all 2023-24 respondents.



Nevertheless, sustainability remains integral to Malta's investment landscape, particularly through government incentives and the development of green infrastructure. Nearly a third (31%) of respondents now identify government-backed sustainability programs, such as tax credits and grants, as the top key driver of the sustainability ecosystem for investment purposes, up from 27% in 2023.

These initiatives have helped to maintain interest in sustainable projects, even as broader sustainability priorities may have shifted.

Figure 11

Focus areas to enhance sustainability ecosystem for investment purposes – number one priority responses only

Parameter chosen as number one priority by respondents			
Parameter	Percentage of first-priority mentions	Percentage of change	Change in ranking over 2023
Government financial support and incentives through tax credits and grants	31%	4%	– ↔
Environmentally friendly systems and infrastructure (including transport, waste, energy, water supply)	28%	5%	– ↔
Stricter environmental laws and enforcement through investment in regulatory institutions	18%	6%	1 ↑
Availability of specialist green financing (green bonds, green funds – both public and private) for green and environmentally sustainable projects	13%	4%	1 ↑
Taxes and disincentives for environmentally unsustainable practices	8%	(12%)	(2) ↓
Environmental awareness campaigns	1%	(4%)	– ↔
Enabling voluntary schemes and partnerships (such as private sector CSR initiatives and nonfinancial monitoring)	–	(1%)	– ↔
Environmental training and education for the workforce	–	(2%)	(1) ↓

*Percentage change and change in ranking compares movement from 2023 to 2024.

Source: all 2023-24 respondents.

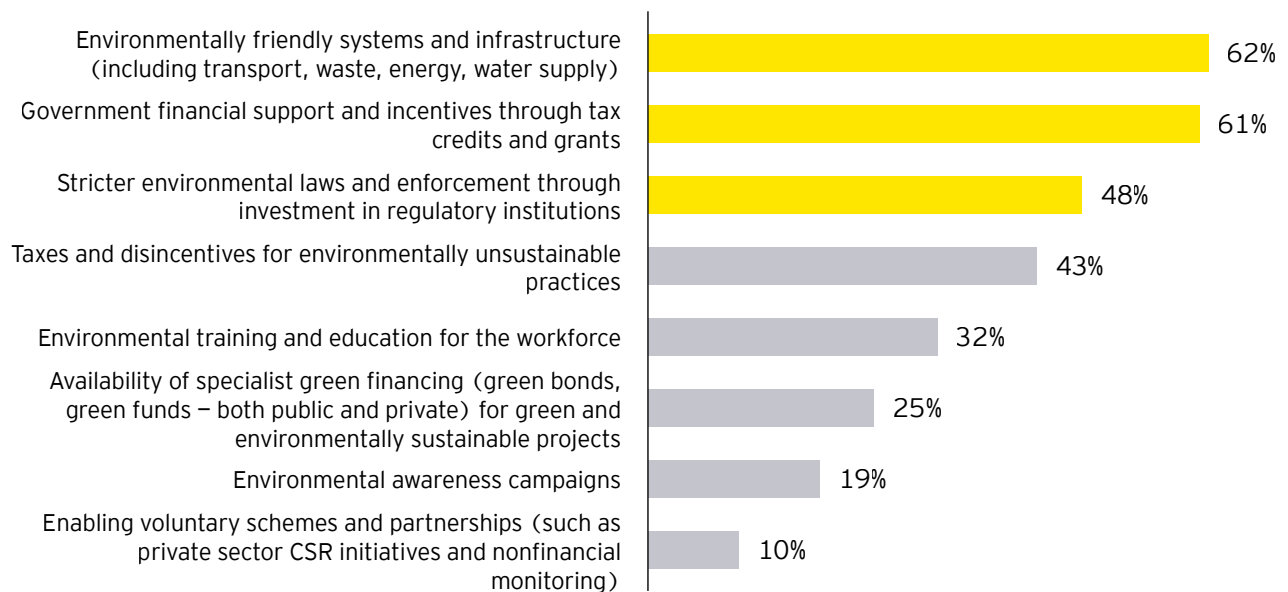
When looking at Malta's investment focus from an environmental point of view, government support and eco-friendly infrastructure gain traction over 2023.

Malta's commitment to eco-friendly infrastructure has also gained momentum, with 62% of investors identifying green systems as important to their long-term investment strategies.

When looking at respondents choice of top priorities only, this increased by 5% from 2023. It is clear that Malta's environmental strategies remain a critical component of both its current and long-term FDI attractiveness.

Figure 12

Focus areas to enhance sustainability ecosystem for investment purposes – percentage of all mentions



Source: all 2024 respondents. Percentage of all mentions.

IT and AI

Malta's IT sector is evolving, driven by increasing interest in AI, automation and cloud technologies.

In 2024, 61% of respondents identified AI as a critical area for their investments, a notable 12% increase from 2023.

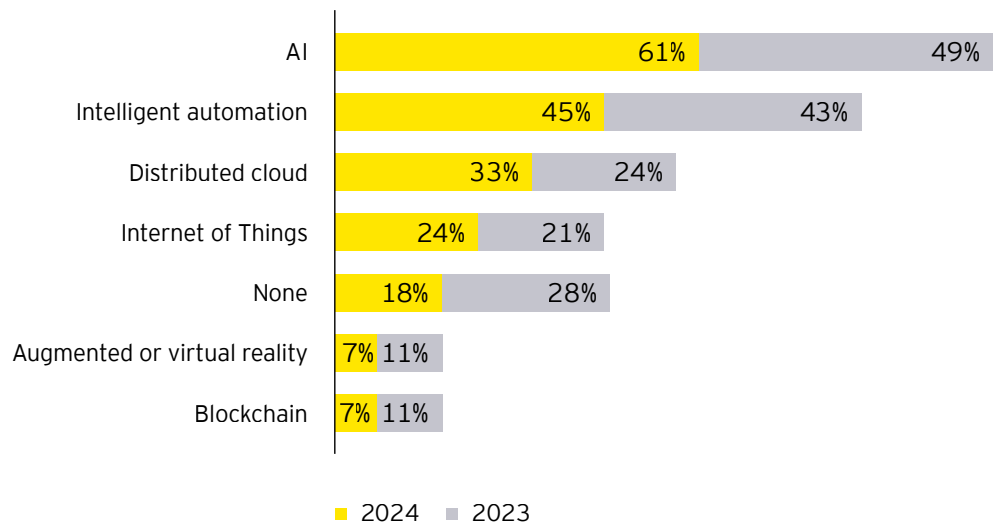
This surge reflects a broader global trend, where AI is becoming a key driver of efficiency, innovation and digital transformation across multiple industries, including finance, gaming and manufacturing.

AI, intelligent automation and the distributed cloud are the top three emerging technologies being considered for investment.

For Malta, AI represents not just an opportunity to enhance operational efficiency on the island and the experiences of its citizens, but also to act as a launchpad for Europe, leveraging the agility inherent in its size. As investors look for destinations that offer both the infrastructure and talent to capitalize on these technologies, Malta must ensure it remains competitive by continuously upgrading its technology infrastructure and enhancing workforce skills in these emerging areas.

Figure 13

Emerging technologies being considered for investment

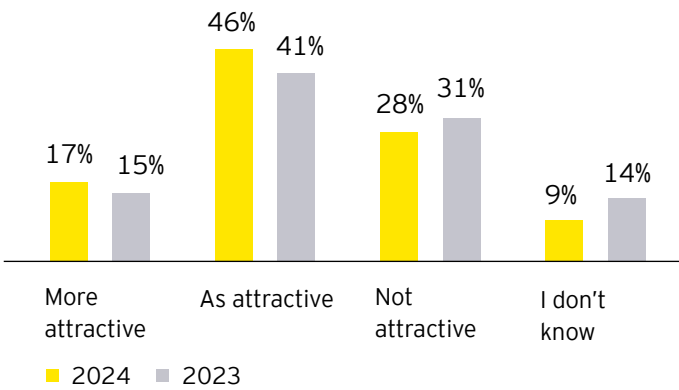


Source: all 2023-24 respondents.

Nearly half of investors believe that Malta is as attractive as other European countries in terms of technology-related factors, with 17% thinking it is more attractive in relative terms.

Figure 14

Malta's technology-related factors' attractiveness compared with other European countries



Source: all 2023-24 respondents.

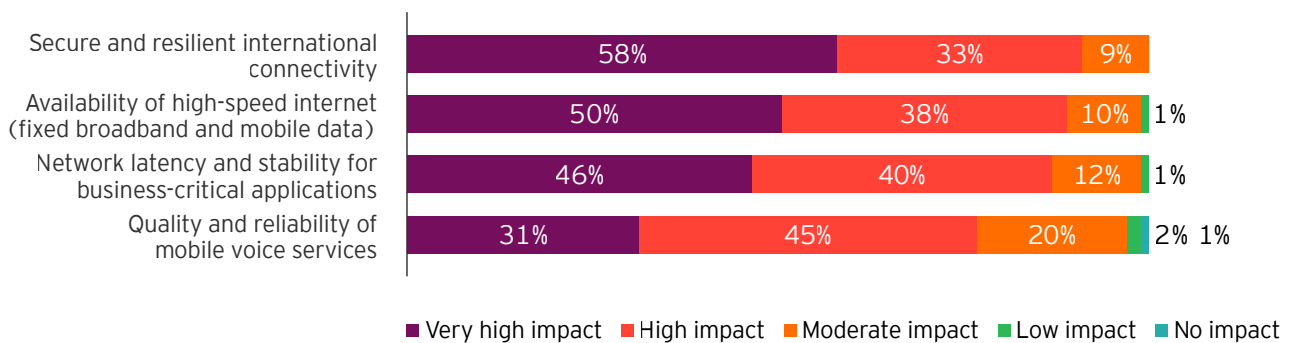
Forty-six percent of respondents believe that Malta's IT capabilities are comparable with those of other European nations and 17% view Malta as more attractive in this respect. Whilst this means that Malta is viewed as faring pretty positively compared with its European neighbors, it points to the need for further investment in a fast-changing environment. And 28% of respondents believe that Malta is not attractive here.

Additionally, following AI in top position, investors are currently considering investing in cloud technologies and intelligent automation as future growth areas. Forty-five percent of respondents see intelligent automation as an essential part of their investment strategy, while 33% focus on distributed cloud solutions. These technologies offer businesses the opportunity to streamline their operations, reduce costs and increase agility. By embracing these innovations, Malta can position itself as a hub for cutting-edge technologies that appeal to a wide range of industries, from FinTech and gaming to health care and education.

Respondents also clearly believe that secure and resilient international connectivity has a very high impact on business operations – greater than the availability of high-speed internet, which is considered to have a very high impact by half of the respondents.

Figure 15

Telecommunications infrastructure effect on businesses



Source: all 2024 respondents.

The widespread adoption of 4G and 5G is enabling innovation and supporting the digital transformation of various sectors of society and the economy through new applications, services and experiences.

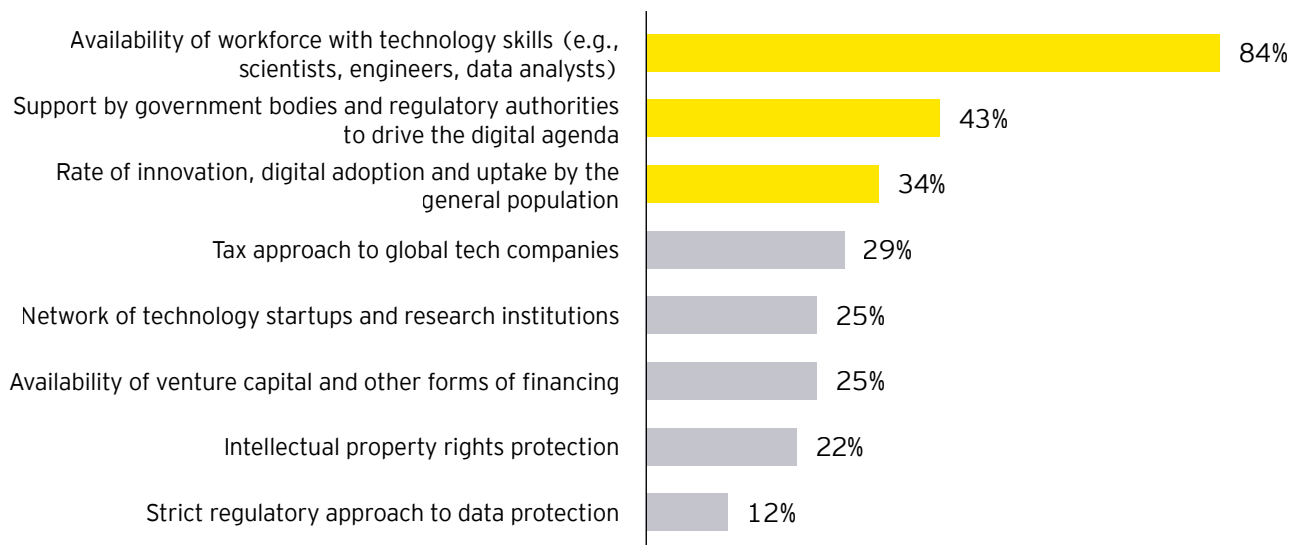
However, to fully realize the potential of its ICT sector, the country needs to address several key challenges. The availability of digital skills remains a concern, with many investors citing a lack of talent in areas such as software development, data science and AI engineering. In this regard, educational institutions and vocational training programs must play a greater role in equipping the next generation with the skills needed to succeed in a rapidly evolving digital economy. This is critical, especially when considering that a vast majority of respondents (84%) cite the availability of skills as the top technology-related parameter when choosing a country for investments.

Moreover, ensuring cybersecurity resilience is critical to safeguarding Malta's digital assets and maintaining investor confidence. As more businesses shift to digital operations, cyber threats are becoming increasingly sophisticated. Malta will need to invest in cyber defense systems, train local talent in cybersecurity and establish robust data protection regulations to maintain its reputation as a secure tech hub.

Looking forward, Malta's ability to attract tech-driven FDI will depend on its capacity to innovate and adapt to technological changes. By focusing on AI, automation and cloud technologies, and addressing gaps in its technological infrastructure, Malta can strengthen its aim to become a leading destination for technology investment in Europe. As more industries undergo digital transformation, Malta's role as a center for innovation and technology will become increasingly important, making it essential for the country to stay ahead of global trends and invest in the future of its IT ecosystem.

Figure 16

Most important technology priorities when choosing a country to invest in



Source: all 2024 respondents.

Infrastructure

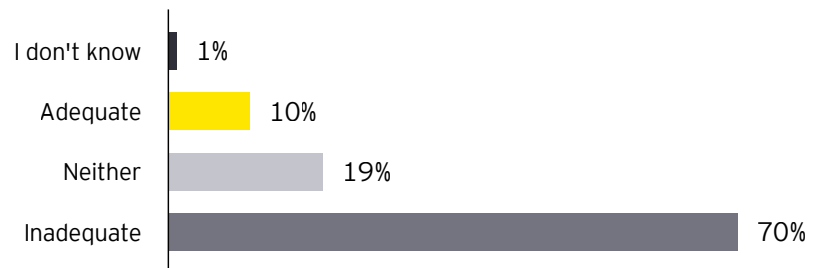
All areas of infrastructure need investment, but the education system and electricity security are the top factors requiring investment for Malta to remain competitive for FDI. A majority also think that the country's infrastructure planning and development is inadequate for its population growth.

Infrastructure has become a growing concern in Malta's investment landscape, with the demands of a rapidly expanding population and economy placing increased strain on existing systems.

In 2024, 70% of respondents felt that Malta's infrastructure is inadequate to support future population growth, with an additional 19% describing it as neither adequate or inadequate. These investor concerns reflect a broader need for Malta to build a more robust infrastructure that can support both current economic activity and future expansion.

Figure 17

Malta's planned infrastructure for population growth



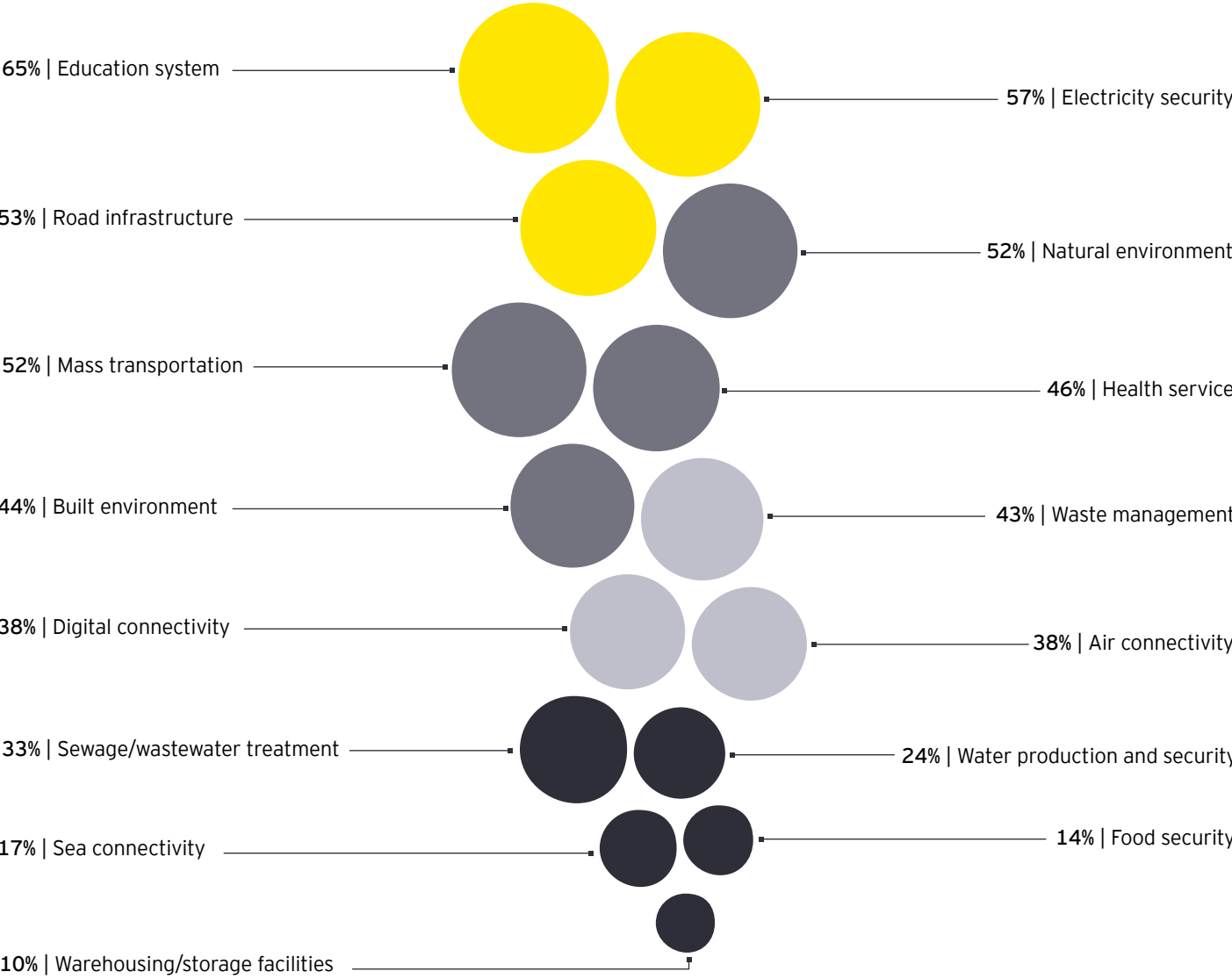
Source: all 2024 respondents.

One of the foremost critical areas identified by investors is education infrastructure. Sixty-five percent of respondents highlighted the need for substantial improvements in Malta's educational system, emphasizing that a well-developed education sector is essential for meeting both existing and future labor market demands.

As Malta positions itself as a hub for industries such as technology and financial services, ensuring that its workforce is equipped with the right skills will be crucial. However, this requires sustained investment in school infrastructure, vocational training programs and higher education institutions to close the skills gap and meet the needs of international businesses.

Figure 18

Infrastructure priorities for Malta to remain attractive



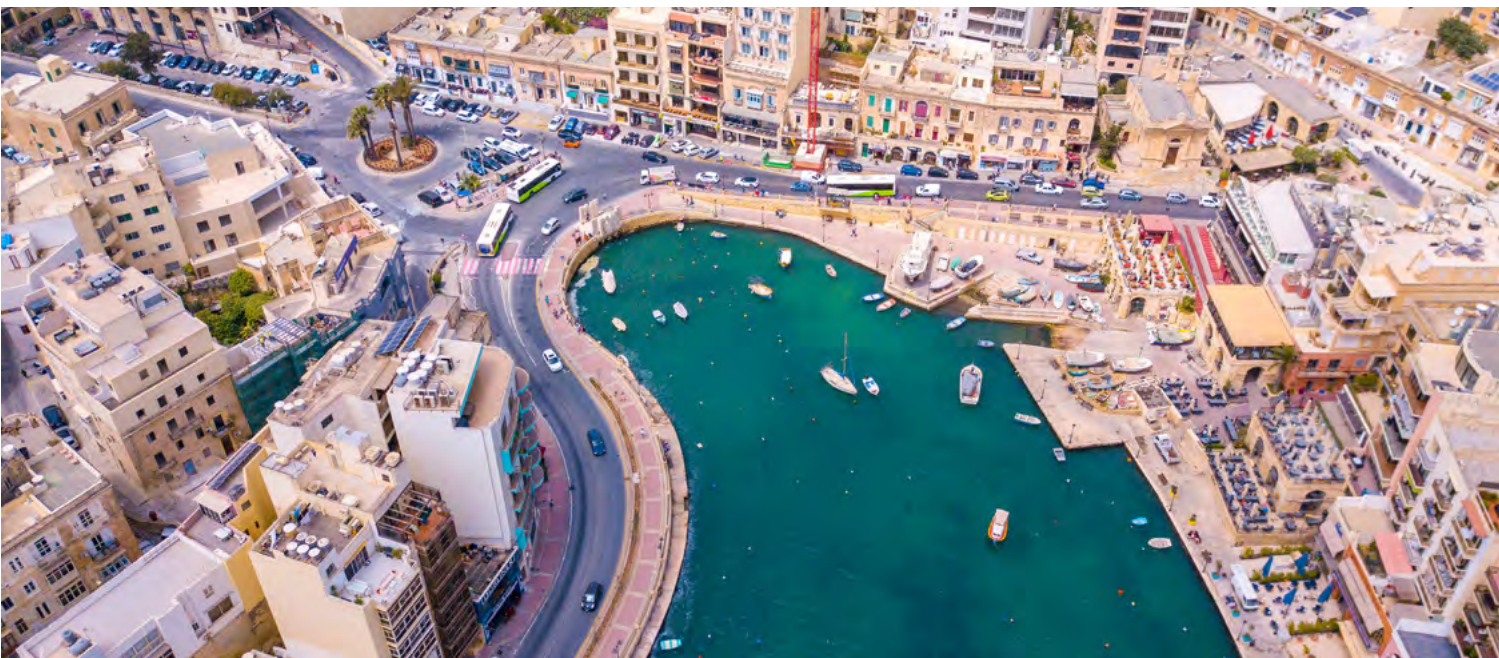
Source: all 2024 respondents.

The **build** theme is particularly relevant in the context of Malta's electricity infrastructure, which is becoming increasingly critical as the country relies more on digital technologies and cloud services. Fifty-seven percent of investors view electricity stability as a key priority for infrastructure investment. As Malta continues to develop its digital economy, it must ensure that its energy grid is capable of the growing demand for data centers, AI-driven applications and other energy-intensive technologies. Enhancing electricity security will also play a crucial role in maintaining business continuity, a key factor for companies operating in sectors that require constant access to reliable power.

Another major infrastructure challenge is Malta's road network. As the country's economy grows and its population expands, its roads are struggling to cope with the increased pressure. Fifty-three percent of respondents identified road infrastructure as a priority for improvement, citing frequent congestion and inadequate road conditions as barriers to efficient business operations. As part of the **build** and **share** themes, investing in traffic management systems and public transport solutions, and incentivizing fleet rationalization, may too be areas to work on to alleviate the growing strain on Malta's transportation network.

While the primary focus remains on education, electricity and transport, investors also flagged the importance of addressing other secondary infrastructure concerns. Sea connectivity and food security, though viewed as priorities by lower numbers of respondents, are still important components of Malta's broader investment ecosystem. As an island nation, sea transportation plays a vital role in facilitating trade and logistics, while food security is essential for supporting the long-term sustainability of the growing country's population. Though these areas do not currently top investors' priority lists, addressing them could provide Malta with a competitive edge in regional supply chains and sustainability efforts.

The pressure to build more infrastructure is not new, but the scale of the challenge has become more pronounced as Malta's economic growth outpaces its infrastructure development. The 2024 survey indicates that these gaps are beginning to erode Malta's attractiveness as a destination for FDI, particularly as investors seek long-term stability in their chosen markets. Without significant infrastructure upgrades, Malta risks losing its competitive edge, particularly in sectors that rely heavily on robust transport, energy and digital investment.



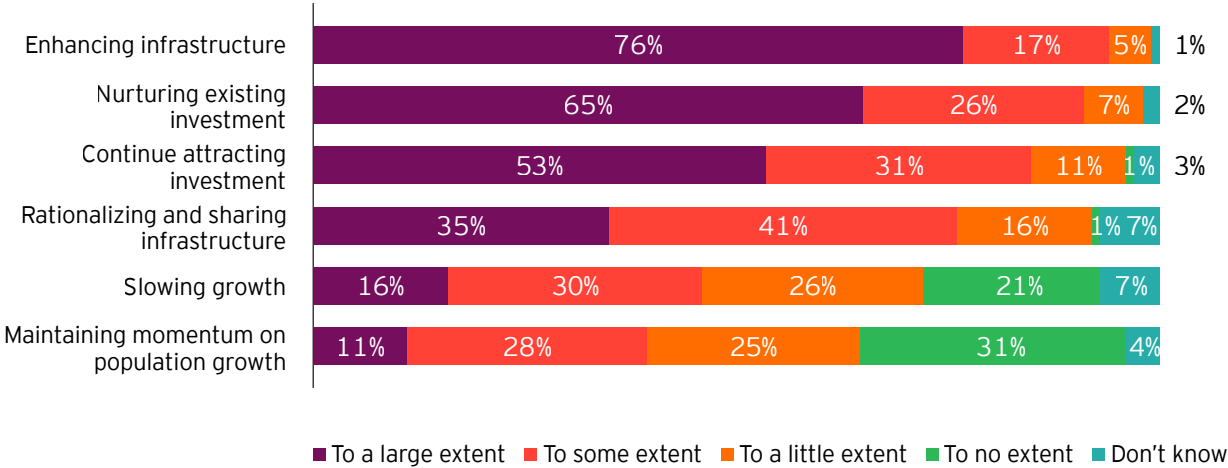
A clear majority believe that enhancing Malta's infrastructure is the most important for success, with a much smaller number believing we should slow growth.

Interestingly, more than three-quarters of the respondents believe that enhancing infrastructure is key to ensuring Malta's success. A majority also believe that nurturing existing investments (65%) and continuing to attract investment (53%) is very important. Interestingly, in view of the debate on the opportunities offered by sharing infrastructure, fewer consider rationalizing and sharing infrastructure as fundamental to Malta's success. Just over a third of respondents (35%) believe the country should rationalize and share its infrastructure.

On the other hand, slowing growth and maintaining momentum on population growth score the least, with 16% and 11% of respondents respectively thinking that these are priorities for Malta's success. Looking ahead, the need to build (and share) better infrastructure is one of the most pressing issues for Malta's government and private sector. As investors look for long-term stability and business continuity, the country must prioritize infrastructure development across the board. From expanding the electricity grid to upgrading the education system, Malta has an opportunity to not only meet the immediate demands of its growing population but also position itself as a leading destination for investment in the coming decades.

Figure 19

Priorities for Malta's success



Source: all 2024 respondents.

Skills

Challenges in finding the required specialized skills persist.

Malta's labor market continues to face significant challenges, particularly around the availability of specialized skills. In 2024, as outlined in the attractiveness scoreboard, only 32% of respondents found Malta's labor skills attractive for FDI, reflecting a slight decline from previous years and continuing the downward trend that has been observed since 2014. This persistent shortage of specialized talent is becoming a critical barrier for businesses, particularly in high-growth sectors such as finance, gaming and technology. As these industries expand and evolve, the need for highly skilled professionals is more pressing than ever.

The skills gap is exacerbated by rising labor costs, which have also become a growing deterrent to investment. In 2024, 49% of investors cited labor costs as a key factor negatively impacting their investment decisions, up from 39% in 2023.

This increase, combined with the high cost of living and housing, is making it increasingly difficult for Malta to attract and retain international talent.

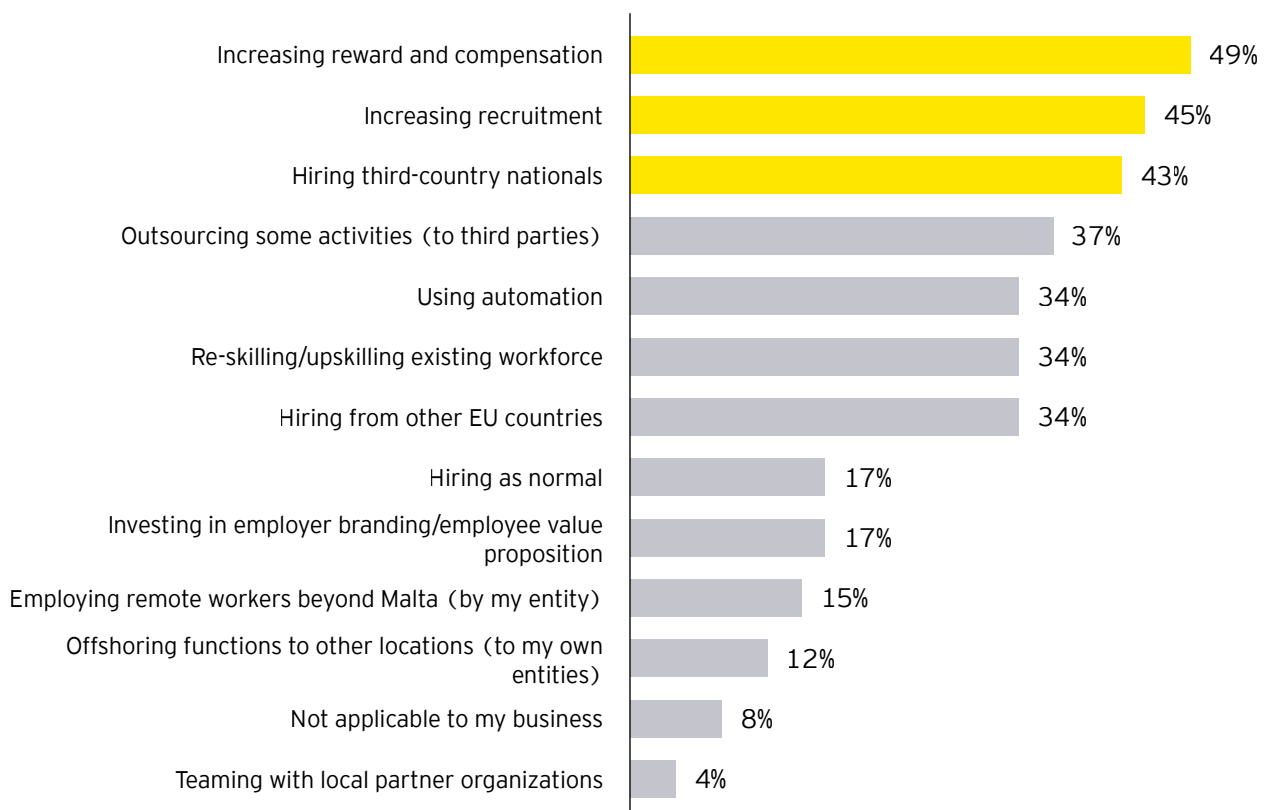
Nearly half of companies have increased reward and compensation for their employees and increased recruitment actions in the past year.

Companies have been increasing their recruitment efforts. Just under half (49%) of companies reported increasing reward and compensation for their personnel. Furthermore, companies are placing greater focus on increased recruitment (45%) and hiring third-country nationals (43%).

Meanwhile, more than one-third of companies surveyed have reported that, over the past year, they have outsourced some activities to third parties (37%), as well as investing in automation, upskilling and re-skilling their existing workforce and hiring from other EU countries (all tied at 34%).

Figure 20

Employees and recruitment actions



Source: all 2024 respondents.

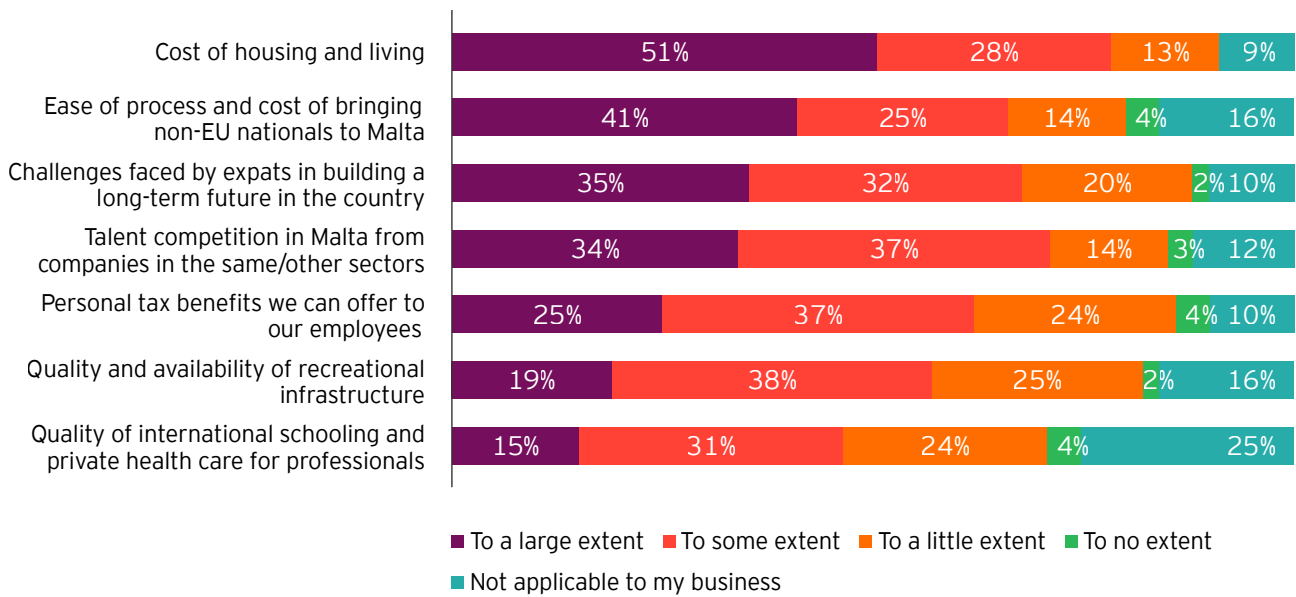
The cost of housing and living is the top factor impacting the ability to recruit and retain talent from overseas, followed by the ease of the process and the cost of bringing non-EU nationals to Malta.

Just over half (51%) of respondents identified the high cost of living as a major barrier to recruiting and retaining talent from abroad, particularly for companies looking to recruit skilled workers. The cost of housing, in particular, is seen as a significant challenge for both expatriate employees and local talent, further limiting Malta's ability to fill critical positions.



Figure 21

Factors impacting the ability to recruit and retain talent from overseas



Source: all 2024 respondents.

For the third year in a row, the top priority to enhance the ability to recruit and retain talent from overseas is more efficient work permit and residence entry procedures.

The need to **generate** a workforce that can meet the demands of Malta's rapidly evolving economy is paramount. This challenge is particularly relevant to sectors such as AI, automation and financial services, where the competition for talent is global. For Malta to remain competitive, it must focus on upskilling its labor force and engaging the next generation through targeted education programs and vocational training that align with the needs of the modern economy. The **generate** theme emphasizes the importance of building a talent pipeline that not only addresses immediate gaps but also prepares for future demands by fostering the development of specialized skills in science, technology, engineering and mathematics (STEM) fields.

Furthermore, the shortage of specialized skills is not just an issue of attracting international talent. It also highlights the need for local educational institutions to better align their curricula with industry demands.

Educational reforms that focus on developing expertise in emerging technologies, such as data science, AI and cybersecurity, will be crucial. By investing in the right areas, Malta can begin to generate the homegrown talent needed to support its growing industries, reducing reliance on costly expatriate workers.

The **generate** theme is also closely tied to Malta's efforts to develop a more inclusive labor market. Engaging Malta's youth in the digital economy is essential for ensuring long-term economic sustainability. This requires not only investment in education infrastructure but also collaboration between government, industry and academic institutions to offer internships, mentorship programs and scholarships focused on digital and technical skills. By fostering a culture of innovation and entrepreneurship among young people, Malta can position itself as a hub for the next generation of tech-savvy professionals.

Addressing these labor market challenges will be crucial for Malta's future FDI competitiveness.

Figure 22

Finding the required specialized skills in the local labor market



Source: all 2024 respondents.

FDI trends



The following chapter presents FDI facts and information from several local sources, including the National Statistics Office (NSO), Malta Enterprise (ME), the Malta Financial Services Authority (MFSA), the Malta Business Registry (MBR) and the Malta Gaming Authority (MGA).

Taking stock

In 2023, ME reported the approval of 22 new FDI projects and 21 foreign expansions. These are expected to generate a total investment of €35.1 million and the creation of over 828 jobs.

ME reported that further expansions and growth were seen in digital innovation, life sciences, pharmaceuticals, biotech and aviation. The projects originated from the UK, the US, Germany, Israel, Switzerland, Iceland, Turkey, India and other countries.

During 2023, ME continued focusing its efforts on attracting companies that contribute to Malta's sustainable economic growth. 2023 saw global geopolitical tensions intensifying even further and these reached a new high with the conflict in the Middle East. This has resulted in headwinds when it comes to attracting FDI. The appetite for investment was also hampered as persistently high interest rates made borrowing more expensive and deterred risk-taking in financial markets. Despite all this, the number of approved projects has been the highest over the post-COVID-19.

Figure 23

FDI projects applications approved by ME

Year	New FDI			Foreign expansions			Total new FDI and expansions		
	Projects approved	Average investment per application (€m)	Average employment per application	Projects approved	Average investment per application (€m)	Average employment per application	Projects approved	Average investment per application (€m)	Average employment per application
2007	25	1.84	39	11	1	31	36	€1.6	37
2008	13	1.67	40	9	0.83	16	22	€1.3	30
2009	12	4.79	54	6	4.48	50	18	€4.7	53
2010	2	0.16	58	2	4.1	73	4	€2.1	66
2011	9	14.43	44	6	3.48	43	15	€10.1	44
2012	2	1.05	19	10	2.37	22	12	€2.2	22
2013	36	1.78	33	15	2.83	22	51	€2.1	30
2014	28	1.33	37	15	3.66	39	43	€2.1	38
2015	20	0.78	29	10	2.04	24	30	€1.2	27
2016	11	12.7	48	15	3.82	41	26	€7.6	44
2017	19	2.3	24	12	8.5	62	31	€4.7	39
2018	26	2.6	37	18	3	9	44	€2.8	26
2019	32	3.2	25	17	0.9	14	49	€2.4	21
2020	39	2	22	15	1.1	8	54	€1.8	18
2021	29	0.7	20	9	6.4	55	38	€2.1	28
2022	19	1.1	24	12	1.6	18	31	€1.3	22
2023	22	0.6	12	21	1.1	26.5	43	€0.8	19

Source: ME, 2024.

According to ME, these results are based on the further implementation of its strategy that targets smaller companies with a high disruptive potential in their field, requiring fewer employees but higher wages and a stronger value-added return to the economy. This includes a strong proposition for startups with both local and foreign investment that are adding innovation and knowledge to the economy, resulting in new economic niches.

This ME strategy reflects the economic needs of the country – primarily development that is driven by sustainability and innovation that promotes quality job creation and also enables knowledge transfer between expats and the Indigenous workforce.

Since 2020, 66 projects (both Indigenous and FDI) have been approved for assistance under the Startup Finance Scheme for which €30 million of funds were allocated. The companies that commenced operation created more than 150 knowledge-intensive quality jobs for both locals and expats.

The average wage paid by these startups was around €45,000, which is double the national average wage. The highest average wage at company level was around €70,000. These startups together have already paid €13 million in wages to their local employees and under the most conservative scenario, generated an economic return of at least €1.50 for every €1 disbursed to the companies.

Efforts in the start-up sphere also continued as the Malta Startup Framework consultation ended in 2023 and a process to launch the new framework commenced in 2024. The framework will include a number of initiatives to enable the development and implementation of policy measures to further boost the startup environment. During 2023, as the Startup Finance Scheme was about to be revised, Malta continued to attract startups operating in high-growth areas such as FinTech, MedTech, life sciences, data analytics and robotics.



Malta's stock position

According to the NSO, the stock position of FDI in Malta reached €430.5 billion by December 2023. The value of the stock position has increased by €15 billion over the corresponding period of the previous year.

As in previous years, financial services and insurance activities accounted for the greatest proportion of FDI stock in December 2023, at 97.6%.¹²

Figure 24

FDI in Malta – economic activities

	2021	2022	2023
	€000	€000	€000
Manufacturing	2,491,556	2,448,856	2,479,568
Transportation, accommodation and real estate activities	4,442,365	4,366,231	4,987,142
Financial and insurance activities	412,750,307	405,676,534	420,576,189
Information and communication; professional, scientific and entertainment and recreation	2,069,299	2,033,835	1,418,141
Other activities	1,019,918	1,022,439	1,042,124
Total	422,773,446	415,527,895	430,503,164

Source: NSO Malta, News Release 028/2024 and News Release 179/2024.

¹² NSO Malta, News Release 179/2024.

Malta's FDI flows

In 2023, FDI flows were estimated at €20.3 billion. As in previous years, financial and insurance activities recorded the largest contribution, with 88.8% of FDI flows in Malta.¹³

Figure 25

FDI flows in Malta by period and economic activity

	2020	2021	2022	2023
	€000	€000	€000	€000
Manufacturing	10,678	967,512	829,070	532,473
Transportation, accommodation and real estate activities	93,029	768,081	658,176	772,761
Financial and insurance activities	3,082,871	20,815,783	17,837,245	18,061,591
Information and communication; professional, scientific and entertainment and recreation	139,228	1,566,851	1,342,650	840,911
Other activities	17,007	115,274	98,779	142,665
Total	3,342,813	24,233,501	20,765,920	20,350,400

Source: NSO Malta, News Release 028/2024 and News Release 179/2024.

Company incorporations

In 2023, the MBR recorded a total of 3,283 new registrations, encompassing both foreign and locally owned enterprises. This marked an increase of 429 companies compared with the previous year, affecting most categories.

Notably, limited companies and investment companies with variable share capital (SICAVs) saw the most significant rise, with 394 more registrations than in 2022.

Figure 26

Annual business registration

	2020	2021	2022	2023
Limited companies and investment companies with variable share capital	3,412	3,386	2,756	3,150
European economic interest grouping	0	1	0	1
Overseas companies	40	41	30	42
Partnership en nom collectif	38	54	55	74
Partnership en commandite	22	21	13	14
Statute for European companies	2	1	0	2
Total	3,514	3,504	2,854	3,283

Source: MBR, Annual Report 2020 and Annual Report 2021.

¹³ MGA (2024), Interim Report 2023 and NSO Malta, News Release 028/2024 and News Release 179/2024.

Spotlight on gaming

Malta became the first EU Member State to regulate the remote gaming market in 2004 and has since become a key global hub. The sector is a vital part of Malta's economy, providing significant FDI and employment opportunities. The MGA oversees the sector, ensuring regulatory compliance with international standards. Malta's strategic EU location, strong infrastructure and multilingual workforce support the growth and operations of gamer companies.

The industry has experienced steady growth in recent years, positively impacting Malta's economic performance. This is evidenced by the increasing number of licenses issued to online gaming operators, showcasing the sector's strength despite global economic uncertainties. The industry also contributes to job creation, providing diverse employment opportunities for residents and attracting skilled professionals from overseas.

In 2023, the gaming sector made a significant economic contribution, generating a GVA of €810.7 million, which accounts for 9.5% of the country's total GVA. This growth trend underscores the sector's resilience and continuous upward trajectory.

Employment in the industry has increased, with an estimated 13,870 individuals employed by the end of 2023, representing about 5% of Malta's total workforce. This includes roles in related fields such as IT, data, law, audit firms and other service providers for the gaming industry.

Data indicates a consistent rise in the number of companies and licenses within the jurisdiction. By the end of 2023, there were 335 companies operating in Malta with 345 gaming licenses.

In 2023, the MGA received multiple requests for various types of authorizations, including gaming licenses (16), recognition notices (88) and key function certificates (15), in addition to requests for modifications to the current active authorizations.

Figure 27

Headline indicators of gaming industry activity

	2020	2021	2022	2023			
Number of licenses (Note 1)	318	328	337	351	363	358	345
Number of companies (Note 1)	313	323	328	341	357	350	335
GVA (€m) (Note 2)	624.7	639.3	732.6	755.5	801.8	767.0	810.7
Employment (Note 3)	9,566	10,602	12,106	12,537	13,645	13,384	13,870
Land-based	813	735	770	766	755	880	892
Online – type A	7,196	7,557	9,496	9,919	10,106	10,365	9,729
Online – type B	1,557	2,310	1,840	1,852	2,784	2,139	3,249
Compliance contribution, license fees, levies and consumption tax (€m)	33.7	39.8	37.9	40.0	39.8	38.8	41.2

Note 1: The reported number of licenses and companies include both online and land-based, and relate to stock as of the end of June and December respectively. These figures refer solely to MGA-licensed entities and include the active licenses base, i.e., those entities that have a valid license to offer a gaming service. Figures for 2022 and 2023 are not comparable with previous reporting periods due to a change in methodology on the definition of what constitutes an active license and company, which include those that are active, voluntary suspended or suspended.

Note 2: The GVA figures are being updated in line with the revision made during 2023 in the computation of GVA for NACE 92 by the NSO.

Note 3: The employment figures represent the number of FTEs employed with B2C and B2B licensees and refer solely to companies holding an MGA license. The figures relate to stock as of the end of June and December respectively, and refer solely to MGA-licensed entities.

Source: MGA (2024), Interim Report for 2023.

Spotlight on financial services

The MFSA reports that in 2023, Malta's financial services sector continued to show consistent growth, contributing €1,251 million in GVA to the economy, a robust 11.8% increase over the previous year.

Employment in the sector amounted to around 18,100. In total, the MFSA handled 352 applications with 296 successful applications and a total of 56 applications being refused or withdrawn. The MFSA has seen a steady growth in supervised entities from 2122 entities in 2022 to 2304 entities in 2023.

Supervised entities are subject to regulatory obligations and requirements. In 2023, the MFSA set the resilience of supervised entities, sustainable finance and digital finance as high-supervisory priorities.

The MFSA has a number of sectoral supervisory priorities for 2024 that will further enhance the financial services sector in Malta. Financial crime compliance and conduct supervision are the cross-sectoral supervisory priorities for 2024.

As at the end of 2023, the MFSA regulated and supervised a total of 2,304 authorized entities falling under its remit. Such entities were of varying sizes and complexity, and included 21 credit institutions, 736 insurance entities or individuals, 694 securities, 290 company services providers, 53 financial institutions, 81 pensions, 23 virtual financial assets agents¹⁴ and service providers, and 216 trustees. Insurance intermediaries and investment funds add up to 58.4% of the total license holder population.



¹⁴ The Virtual Assets Agents License will cease to exist as from 17 April 2024, upon the implementation of Markets in Crypto-Assets (MiCA) Regulation, pursuant to ACT No. XIV of 2024, entitled the Virtual Financial Assets (Amendment) Act, 2024 (the Amending Act).

Figure 28

	Total licenses at end 2021	Total licenses at end 2022	Total licenses at end 2023
Banking			
Credit institutions	22	21	21
Financial institutions	52	51	53
Insurance			
Non-life	55	52	50
Life	10	10	10
Composite	2	2	2
Reinsurance	4	4	4
Insurance intermediaries: companies			
Enrolled insurance managers	10	10	10
Enrolled insurance agents	20	14	17
Enrolled insurance brokers	36	36	35
Insurance intermediaries: individuals			
Registered insurance managers	24	22	22
Registered insurance agents	27	29	40
Registered insurance brokers	125	125	135
Tied insurance intermediaries	369	352	410
Ancillary insurance intermediaries	1	1	1
Pensions			
Authorizations and registrations in terms of Retirement Pensions Act			
Retirement schemes	52	50	47
Retirement funds	2	2	2
Retirement scheme administrators	15	13	13
Investment managers (registered and exempted)	13	14	12
Custodian (registered and exempted)	6	6	7
Virtual financial assets			
Virtual financial assets agents	13	10	10
Virtual financial assets service providers	14	12	13
Investment services			
Investment services	148	145	142

Source: MFSA, Statistical Tables: 4th Quarter - 2023.

Securities

Figure 29

Recognized fund administrators

	2022			2023		
	New recognitions	Surrendered recognitions	Total recognitions at end 2022	New recognitions	Surrendered recognitions	Total recognitions at end 2023
Recognized fund administrators	0	1	17	1	1	17

Source: MFSA, Statistical Tables: 4th Quarter - 2023.

Following the success of the Notified Alternative Investment Fund (NAIF) regime, the MFSA launched a similar framework for notified professional investor funds (NPIFs) on 18 December 2023.

Similar to NAIFs, the NPIF offers a very short time to market of 10 business days and reduced setup and operational expenses, with no required prior authorization by the MFSA and no ongoing direct supervision of the vehicle itself. The same principles and investor protection ensured by the Professional Investment Fund (PIF) regime applies.

Figure 30

Notified alternative investment funds

	2022			2023		
	New notifications	Surrendered notifications	Total notifications at end 2022	New notifications	Surrendered notifications	Total notifications at end 2023
NAIFs	24	15	106	13	27	92

Source: MFSA, Statistical Tables: 4th Quarter - 2023.

Figure 31

Recognized incorporated cell companies and collective investment schemes

	2022			2023		
	New licenses	Surrendered licenses	Total licenses at end 2022	New licenses	Surrendered licenses	Total licenses at end 2023
Recognized incorporated cell companies						
Recognized incorporated cell companies	0	1	3	0	0	3
Incorporated cells	1	3	17	1	4	14
Collective investment schemes						
Alternative investment funds	2	13	114	5	13	109
Units in collective investments and transferable securities (UCITS)	3	6	114	8	10	112
Professional investor funds	19	52	218	6	23	198
Retail non-UCITS	0	0	5	0	3	2
Recognized private schemes	0	0	5	0	0	5
Total	24	71	456	19	49	426

Source: MFSA, Statistical Tables: 4th Quarter - 2023.

Trust services**Figure 32**

Authorized trustees, nominees and trusts

	Total authorizations at end 2021	Total authorizations at end 2022	Total authorizations at end 2023
Authorizations in terms of the Trusts and Trustees Act (trustees, fiduciary service providers, administrators of private foundations)	162	153	151
Nominees	8	6	5
Trusts registered in terms of the Trust Act, 1988	61	60	60

Source: MFSA, Statistical Tables: 4th Quarter - 2023.

Moving forward



As we look to the future, this year's survey results not only reflect current realities but also draw upon insights from prior years. By examining key themes – **build, engage, share, generate** and **change** – we can chart a path forward that harmonizes Malta's growth with the evolving expectations of its investors. Our goal is to explore how Malta can leverage its strengths while adapting to new challenges, ensuring a sustainable and prosperous investment climate.

Malta's long-term prospects remain positive. For the last 10 consecutive years, the number of companies that believe their long-term future lies in Malta has never fallen below 68%, and 38% are planning to expand their operations in the next year. This level of confidence by investors in the country reflects an underlying optimism that, if nurtured, could fuel its future success. Yet this optimism must be supported by strategic action, particularly in areas identified by the survey.

1 Building for the future

A clear message from respondents is the need for a long-term national strategy to support FDI. Forty-nine percent of respondents stressed the importance of developing a comprehensive plan that addresses infrastructure gaps, labor market constraints and technology shortcomings. Social dialogue, another critical element, was highlighted by 44%, reinforcing the need for collaboration among stakeholders to maintain investor confidence and ensure a stable business environment.

In particular, infrastructure development remains a top priority. As noted in both current and past surveys, the need to build better infrastructure – whether in transport, energy or digital connectivity – is essential for Malta's long-term competitiveness. Without significant upgrades, Malta risks losing its edge, particularly as neighboring countries continue to invest in advanced infrastructure solutions.

2 Engaging with technology

Engaging with emerging technologies, particularly AI and automation, will be critical for Malta to stay competitive in a rapidly evolving global market. Investors are increasingly looking for destinations that offer not only stable political environments but also the technological infrastructure needed to support innovation. Sixty-one percent of respondents identified AI as a key driver of change, underscoring the importance of engaging with these technologies at both the public and private sector levels.

To remain a leader in sectors such as financial services and gaming, Malta must embrace new technologies and ensure its workforce is equipped with the digital skills needed to support these industries. This means investing in both education and workforce training to keep pace with technological advancements.

3 Sharing resources and responsibilities

The theme of share highlights the need for greater collaboration between the public and private sectors. By leveraging public-private partnerships, Malta can address pressing infrastructure and technological gaps more efficiently. Sharing the burden of investment between these sectors will be critical for achieving long-term sustainability.

This approach also extends to the concept of sharing knowledge and expertise. Investors and local businesses must work together to foster innovation, exchange best practices, and develop new business models that ensure Malta remains at the forefront of global trends.

4 Generating skills for the future

The skills gap remains one of Malta's most significant challenges. Only 32% of respondents find Malta's labor market attractive for FDI, continuing a downward trend observed since 2014. To overcome this, Malta must focus on generating the right skill sets, particularly in areas such as AI, automation and data science. Educational reforms, coupled with targeted upskilling programs, will be essential to address the talent shortages that are hampering growth in key sectors.

By investing in vocational training and fostering youth engagement, Malta can build a resilient workforce that is prepared for the industries of tomorrow. This aligns with the generate theme, which emphasizes the need for Malta to proactively develop the talent needed to support future growth.

5 Embracing change for sustainability

The theme of change speaks to the need for Malta to embrace sustainability as a core element of its economic model. As climate risks intensify, investors are increasingly prioritizing destinations that take sustainability seriously. Ninety-six percent of respondents consider environmental sustainability important, and Malta must respond by investing in green infrastructure and promoting sustainable growth.

The call for quality enhancements over mere economic expansion reflects this shift in priorities. Seventy-three percent of investors believe that Malta should focus on improving the quality of operations rather than simply increasing economic activity. This means that growth should be purposeful, driven by the goal of improving the quality of life for those living and working in Malta, while also ensuring long-term sustainability.

Conclusion: a call for balanced growth

The 2024 Malta Attractiveness Survey highlights both the opportunities and challenges that lie ahead. Malta's ability to retain its competitive edge will depend on its commitment to **building** critical infrastructure, **engaging** with emerging technologies, **sharing** resources through collaborative models and **generating** the skills necessary for future industries. At the same time, embracing **change** through sustainability initiatives will be crucial for maintaining investor confidence in the long term.

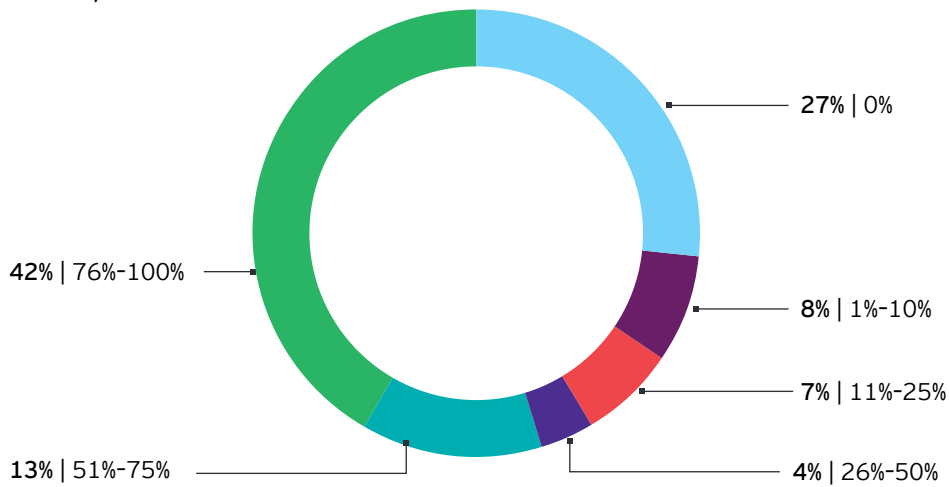
The survey results reiterate the need for Malta to adjust its economic model – not to focus solely on growth but also on growth that enhances the overall quality of life. While the island's size presents challenges, it also offers advantages in terms of agility and adaptability. By capitalizing on these strengths and addressing its weaknesses, Malta can continue to attract high-quality investment and secure its place as a competitive player on the global stage for the next 20 years.

Methodology

A total of 134 existing FDI company investors responded to the EY survey conducted in July and August 2024.

Figure 33

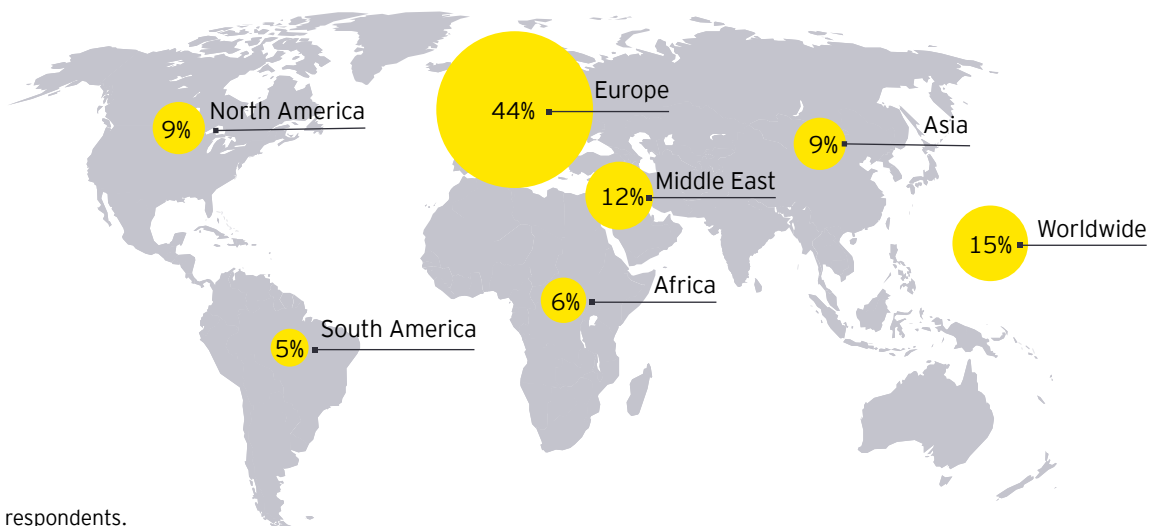
Percentage of revenue exported



Source: all 2024 respondents.

Figure 34

Key target markets



Source: all 2024 respondents.

About the EY Attractiveness program

By examining the attractiveness of a particular region or country as an investment destination, the EY Attractiveness surveys are designed to help businesses make investment decisions and governments remove barriers to growth.

A two-step methodology analyzes both the reality and perception of FDI in the country or region. Findings are based on the views of representative panels of international and local opinion leaders and decision-makers.

The program has a 23-year legacy and has produced in-depth studies for Europe, a large number of European countries, Africa, the Mediterranean region, India, Japan, South America, Turkey and Kazakhstan.

For more information, please visit:
ey.com/attractiveness #EYAttract



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