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Press Releases

SPEECH BY HON. TONIO FENECH, MINISTER OF FINANCE, THE ECONOMY AND INVESTMENT, DURING THE WORLD GAMBLING BRIEFING 2010. - WEDNESDAY, 24TH MARCH 2010, HILTON HOTEL, ST JULIANS.

Good morning. Distinguished guests, Ladies and Gentlemen.

It is a privilege for me to be opening the World Gambling Briefing 2010 and it gives me great satisfaction to see such a prestigious event being organised here in Malta. This demonstrates that the Maltese Government's strategy in strengthening the gaming sector has been successful and has long been bearing fruit.

When the Remote Gaming Regulations were published in April 2004, we were aware that by opening up the market to cyberspace gaming, we would have to face many challenges that lie ahead. However we were confident that by following socially-sound principles, by having a strong, yet flexible technology, neutral legal framework, and with the ongoing cooperation of all parties concerned, we could overcome most obstacles and face these challenges with a high degree of success. Looking back, what has been accomplished over the past six years, is indeed remarkable.

Now remote gaming has become one of Malta's most active industry niche sectors, registering continuing year-on-year growth and putting Malta in the lead as one of the most prestigious European Tier-One jurisdictions for remote gaming companies and players.

Malta has embraced the online gaming revolution with vigour and vision whilst offering one of the most progressive environments in the world for online gaming activities.

With around 350 remote gaming licensees in Malta, the industry is proving that serious regulation and stringent supervision offer the ideal conditions for remote gaming companies to operate in.

History has taught us, that the risk of not regulating by far outweighs any other risks. A well-regulated gaming industry has been our safest bet for success. Thus, we believe that the strong regulatory framework coupled with Malta's expertise in the gaming industry has put our jurisdiction on the forefront in this industry with some of the world's largest remote gaming companies being licensed in Malta.

The advantages of operating within an efficiently regulated system are numerous, and Malta rapidly and incrementally reaped the benefits of the vision it had, and still has for this industry. The reasons for this are various, and primary among these is the role played by the strong regulatory regime which however is also business-friendly. This offers operators a stable and secure framework in which to carry out their business whilst consolidating their reputation as licensed by a responsible jurisdiction.

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Comparing Malta with other jurisdictions which regulate online gaming we believe Malta fares very favourably because of our seriousness of its regulatory approach, its business friendly measures, the talent pool which the Maltese market is able to attract, cost of labour and its disposition of embracing technology and financial attractiveness.

This is why gaming operators continue to invest in Malta, where 2010 is anticipated to yet again be a record year in terms of investment injection from the igaming industry.

Regulation is imperative to protect both players and operators alike. The advantage of a licensee domiciled within a robust regulatory regime like Malta is consumer trust. As operators know full well, consumer trust can make or break a business. In a virtual environment, with intangible geographic boundaries, customers want to feel adequately safeguarded before parting with their money.

Back in 2004 when Malta became a full member of the EU, Malta was the first EU Member State to adopt specific regulations for remote gaming. The Remote Gaming Regulations, as part of the entire legislative framework, are in line with the principles enshrined in the EU Treaty. Malta's membership in the EU allows us to build robust systems to monitor and supervise operations, and such a benefit was used in full by Malta, whereby we not only looked at having a strong remote gaming regulatory framework, but as part of our regulatory approach, we also placed special care in ensuring that the principles of other key EU directives, such as the third Anti-money laundering and anti-terrorism funding directive were infused in our regulatory approach. The well thought-out methodology in this regard also created one of the key ingredients in Malta being viewed as an enviable base for quality.

However, having a strong regulatory regime was not the only ingredient which induced gaming operators to invest and feel comfortable in operating from Malta. Over the past decade, my Government implemented a forward looking strategy insofar as establishing the pre-requisites to be amongst the world leaders in the information society. Malta swiftly embraced the advent of the 'e' revolution and invested heavily to place Malta as an 'e' society in all senses. To do so, we facilitated investment in the technology infrastructure, whereby Malta is now connected to mainland Europe through three different service providers, using four sub-marine cables. We invested heavily in our educational system at all levels, starting from primary schools which are equipped with broadband in each class; to the tertiary levels, - with the University of Malta and other colleges, academies and institutes offering an incredibly wide array of information technology related studies. We invested heavily in eGovernment Services, whereby Malta has been ranked at the top of EU Countries with respect to eGovernment Services offered to both citizens and the business community. We invested heavily in promoting the eBusiness environment and we were amongst the first to enact a suite of Cyberlaws.

Such a forward looking approach was, and will, continue to be the flag-bearer philosophy of my Government, as we do not simply believe in the benefits that technology can bring to society and the economy, but we truly act swiftly on such a belief.

For instance, as part of our technology friendly outlook, Malta is now also looking into the sphere of Digital Gaming in all its shapes and forms. Last October, I announced that my Government initiated the articulation of a National Strategy for the Development of the Digital Gaming Industry, whereby it is anticipated that further global digital game developers shall be investing in Malta over the coming two to three years.

Our 'e-Ready' approach convinced global technology giants such as Microsoft, Oracle, IBM and Tecom to establish themselves in Malta. Such an approach also convinced global service providers such as Deutsch Bank, Lufthansa Technik, and SR Technics to invest and operate from Malta. Such an approach convinced more than 250 iGaming operators to establish an operational presence in Malta.

Over the past six years the Lotteries and Gaming Authority has processed over 600 applications for a remote gaming license. The industry further triggered the need for highly skilled resources, and as such, the remote gaming industry evolved into contributor of job creation and to date around 5,200 people are directly employed in the gaming industry: 3,400 of whom are directly employed with the remote gaming industry.

Notwithstanding the positive growth still being registered in Malta, the developments occurring on the EU front cannot, and are not, being ignored. My government is not only attentively monitoring the various developments but also putting forward its opinions in the various fora which our EU membership allows us to be represented in. We are taking these issues very seriously and in fact, besides the work being done by our Permanent Representation in Brussels, the Lotteries and Gaming Authority has, over the past year, established a fully dedicated EU Affairs function. May I also express my gratitude to the many stakeholders who approach us with their views on such issues as well as those concerning our regulatory regimes. I can assure you that the Government understands that this industry, due to its very nature, evolves continuously and we need to keep abreast of the developments. In this way, we will remain in a position to maintain that we can "ensure that gaming is

fair and transparent to the players, prevent crime, corruption and money laundering as well as protect minor and vulnerable players.”

Over these two days, you shall be discussing various points of interest which relate to the industry in its global sense. Having a quick look at the attendees and list of speakers, it would be a safe bet to place that the debate shall be stimulating, challenging and rich of diverse and opposing opinions. This, I believe is healthy for the industry. I believe that my Government has established a story of success in regulating this industry, and is a showcase for other jurisdictions to visit, and possibly replicate.

I thank you once again for inviting me for this Word Gambling Briefing and I'm sure that this event will be very productive for all stakeholders.

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