



psailagrech  
CONSULT



**PsailaGrechCONSULT** is a Malta based consultancy firm providing financial and regulatory advice to clients, and is particularly specialised in giving advice pertaining to the licensing process and setting up of credit institutions and other financial institutions. **PsailaGrechCONSULT** has been formed to service investors in this niche market, where significantly, the majority of consultancy firms originate from the legal or the accounting spheres.



Roderick Psaila



Paul Grech

### *OUR COMPETENCE*

**PsailaGrechCONSULT**'s founding partners – Roderick Psaila and Paul Grech - are specialised in set-ups and both come from the banking sector, where they have experienced the licensing and setting up process first-hand, collectively five times.

Hence, the firm's main area of activity is in assisting companies/promoters from Day 1 in their application process to become a bank through the achievement of the licence to operate and beyond, including ongoing assistance in reporting and in regulatory functions. The application process starts by meeting the promoters and working with them towards developing the model that reflects their ideas and at the same time is robust enough to be considered for the granting of a credit institution license and to operate as a bank.

When an application is filed with the Regulator, comprising an exhaustive business plan and financial projections, the process is less than half way through. The Partners view each banking project from the perspective of bankers, apart from the regulatory and financial perspective. **PsailaGrechCONSULT** prides itself of this approach to such projects as its exclusive hallmark. Indeed, the firm prepares the applicant company for full banking operations and not merely to acquire a license. **PsailaGrechCONSULT** is committed to provide a thorough handover to the management of the Bank, which may also comprise regulatory, financial and operational training. It can also be of assistance to the new license holder in financial and regulatory reporting, stress testing, secretarial duties and in compliance and anti money laundering functions.

As a result, the project would include consultancy in relation to legal and regulatory registration and filing duties, setting up of IT, banking system, payments and settlements, human resources, deposit gathering solutions and tax management. **PsailaGrechCONSULT** has worked towards a number of alliance agreements with a portfolio of partner firms locally and abroad, in order to ensure the provision of services to clients. This portfolio comprises one of the big four audit firms, a prominent legal firm, two major IT support providers, a banking system company and a leading recruitment agency on the island, among others.

In actual fact, the Firm is peerless in its ability to offer a coordinated and focused project management service and expert advice, in an efficient and economical approach.

### *OUR SOLUTIONS*

The main services offered by **PsailaGrechCONSULT** related to banking and financial institutions projects relate to:

- \* License Application - discussions and brainstorming with client
- \* Planning an efficient corporate and personal tax structure
- \* Compiling raw data for financial projections
- \* Completion of MFSA forms as applicable
- \* Human resource planning and recruitment process, with respect to management and directors
- \* Advice on meeting the latest regulatory rules and limitations

- \* Preparation of comprehensive business plan
- \* Preparation of three year monthly Financial Projections, including scenario analysis and regulatory ratios
- \* Active dialogue, consulting sessions and constant advice to clients via email, conference calls and physical meetings
- \* Active dialogue with Regulator, including introductory meetings to present the model and follow-ups
- \* Consulting on treatment of balance sheet instruments
- \* Preparation for sourcing of deposits
- \* Preparation for management of liquidity portfolio
- \* KYC and Anti-Money Laundering manuals for deposits and other manuals as applicable
- \* All registrations in relation to company incorporation, separate tax regulations and employment legislation
- \* Setting up of company registers as applicable
- \* Preparation of Management Accounts
- \* Engagement of the external auditor, the internal auditor and legal firm
- \* Interim roles as directors, company secretary and other secretarial duties as required
- \* Consulting on the setting up of back office structure
- \* Contracting of hardware and software providers, including bank accounting system
- \* Setting up of accounting and reporting systems, payroll and tax reporting
- \* Handover duties and regulatory, financial and operational training
- \* Other post-license services including financial and regulatory reporting on a monthly, quarterly and annual basis, secretarial duties, sensitivity and scenario analysis.

## OUR PEOPLE

*Roderick Psaila* is a qualified banker, having graduated as an Associate of Chartered Institute of Bankers – UK, and subsequently obtaining a Masters in Economics from the University of Malta. He joined the Central Bank of Malta back in 1990 and had an 18-year career at this highest financial body in Malta, where he held various positions related to Banking, Monetary Policy Statistics and Financial Stability. In 2004, Mr. Psaila was engaged by the European Central Bank in Frankfurt to work as an expert on a specific assignment which lasted 5 months. In his last three years at the Central Bank before moving to the industry, Mr Psaila was entrusted to manage the Financial Stability Office, and as part of his duties he developed a strong working relationship with the Regulator. In 2008, he joined Nemea Bank plc - a newly licensed bank - as Chief Operating Officer, where he headed the management team, which was responsible for the setting up of the bank. During the last year, Mr Psaila was engaged as General Manager of a company registered in Malta and which has applied for a credit institution licence from the MFSA.

He is responsible for the licensing and the setting up process of the prospective bank. The bank would be specialised in acquiring loans from the US and is planned to be acquire funding via online deposits.

*Paul Grech* is an accountant and auditor by profession. Mr Grech started his career at KPMG, where he spent four and a half years (three months at KPMG Luxembourg) mainly in the financial industry audits, obtaining the accounting and auditing warrant in the interim. For a year, he had the first direct exposure to the finance industry in helping in the administration of the first PIF in Malta. Mr Grech then took the opportunity to further his expertise in the analysis of Financial IT systems, when he joined the Government's IT agency, before breaking into the banking sector in 2005. Mr Grech was engaged by Mediterranean Bank as financial controller and with the Bank having been granted the licence weeks earlier, he formed an integral part of the team that focused on setting up operations and in the initial period of the bank's operations focusing on financial and regulatory reporting, internal controls and financial projections. Mr Grech continued to sharpen his skills in the setting up of banks when he joined Nemea Bank in 2008 as Chief Financial Officer. In this role, Mr Grech was a prominent member in a team of three officers that handled the whole process of setting the bank up, his involvement ranging from acting as a CFO and involving himself in the IT areas and in the start of operations.

During the last year, Mr Grech was engaged by a locally registered company to handle the licensing and setting up process of the prospective bank, which shall focus on acquiring loans in specialty markets and be funded through online deposits.

## *OUR CLIENTS*

The clients of **PsailaGrechCONSULT** are typically companies and/or promoters with the intention of applying for a license and setting up a credit or 'other financial' institution. Becoming a client enables companies and/or individuals to:

- \* Develop/refine their ideas to create a workable banking model
- \* Attain specialised regulatory and financial consultancy in relation to their application, not merely to obtain a license, but also to hit the ground running as a feasible, operating credit institution....
- \* ....given that providing expert advice on the setting up of the required banking structures is the hallmark of **PsailaGrechCONSULT**
- \* Make certain of exclusive, focused and meticulous consultancy services, where the client is treated as privileged, as opposed to the next in the list
- \* Be in no doubt that proper consideration is shown for the money invested
- \* Be prepared to start operations soon after the bank license is granted

## *MALTA AS A FINANCIAL CENTER*

\* Lying at strategic crossroads between Europe and Africa, Malta is a meeting point of cultures and languages at the heart of the Mediterranean, which makes it the ideal cosmopolitan location for efficient international business contacts.

\* Malta is an independent republic with a parliamentary democracy based on the English Westminster model. It is a member of the United Nations, the European Union (EU) and the Commonwealth. The rule of law is respected in civil society, including full recognition of property rights and no one group or class dominates the society or the economy.

\* Malta is an ideal location for multinationals seeking cost-and tax-efficient jurisdictions within the EU. The legal, regulatory and fiscal framework in Malta, the use of English as the business language, its central European time, being accustomed to both civil and common law concepts, its qualified work force including professionals in the legal, tax and financial services field, and the relatively low operating costs are some of the components that have contributed to Malta being ranked among the top emerging financial centers in Europe.

In fact, Malta is one of the EU's most open economies with financial services and financial intermediation and related sectors currently accounting for 12 per cent of GDP - a figure set to double in the next decade.

\* It has excellent flight connections both through its national carrier Air Malta but also through a good number of international carriers operating to and from Malta.

\* High standards of living as well as comparatively low daily running costs offer a refreshing change from other busy, chaotic and high-cost, business centers.

### *THE LEGAL AND REGULATORY INFRASTRUCTURE*

\* Ever since joining the EU in 2004, Malta-based financially regulated businesses could access all European Economic Area countries' markets consisting of 28 other countries and 500 million people, using their EU passporting rights.

\* In 2008, Malta adopted the Euro as its national currency thus subscribing to a more rigorous monitoring of its state debt and budgetary deficits together with the maintenance of better price stability while at the same time benefiting from the elimination of foreign exchange risk in Euro denominated transactions with other eurozone members. Malta has a strong, yet flexible single regulatory body for the financial industry in the Malta Financial Services Authority (MFSA, Regulator). In line with EU regulators, the MFSA administers a robust regulatory regime which gives strength to the financial sector as a whole and assists in attracting investors. The Regulator is also renowned for its openness in dealing with the industry and with the accessibility and readiness in communicating with stakeholders.

### *PROFESSIONAL SKILLS AND COMMUNICATION*

\* The high education and training level of the Maltese labour force is a key competitive factor. Malta has comparatively low ancillary labour costs, an excellent work ethic and a highly-motivated workforce which positions it as a very cost-effective location. Salaries are an average of one-third to half of those found in London. There is a significant pool of professionals available in the labour market most of whom trained at the University of Malta.

\* With a sophisticated ICT infrastructure that is well connected to the international backbone, a high broadband penetration, and a competitive market with the latest technologies like VoIP, Malta is able to offer the right environment for business.

## *CORPORATE TAX BENEFITS*

\* Businesses set up in Malta benefit from a tax efficient environment, a full imputation system and a double taxation treaties' network with over 55 countries and which is still on the increase. They can choose the currency in which their share capital is denominated and prepare their financial statements in their functional currency in compliance with International Financial Reporting Standards' (IFRS). Tax returns, assessments and refunds are also made in the same currency. A focused regulatory regime is complimented by the fiscal environment which provides taxpayers with certainty through rulings and confirmations of the tax treatment of complex transactions mainly based on the International Financial Reporting Standards' (IFRS) accounting treatment.

\* It is important to note that central to the tax efficient environment is the arrangement that when dividends are paid by operating companies (including banks) to its shareholders (either individuals or through a Maltese parent company), the latter are entitled to claim six-sevenths refund of the income tax paid by the company in Malta. The bottom line is that when such refunds are taken into account, the outcome is that shareholders will be paying an effective tax rate of 5%. This could even be lower if double taxation relief is applicable.

\* There is no transfer pricing legislation in Malta although anti-avoidance provisions do exist. Malta has no net worth tax or similar taxes on capital, no controlled foreign company legislation and no thin capitalisation legislation

## *.....AND PERSONAL TAXATION*

\* A 15% flat rate of tax may be availed of by individuals employed by a company licensed and / or recognised by the MFSA amongst others banks and financial institutions. These highly qualified persons' rules are applicable for non-domiciled but resident employees who have Maltese contracts of employment with annual employment earnings above EUR75k and who must hold an eligible office as sanctioned by the MFSA which include amongst others Chief Officers of the bank or of the financial institution.