Business in the modern world looks dramatically different from how it did back in the days of the country store that accepted credit and barter. Companies now sell their goods internationally and interact with clients all over the world. Technology has played a huge role in changing the way business is done, and makes running a business in the modern world more possible.

Today, with email, cell phones, tele conferencing and video chat, it's possible to have a company meeting with clients and employees all over the world — as if they were all sitting in the same conference room. From the time of the cotton gin or the first shoe assembly line, technology has dramatically increased business efficiency and production. Automated warehouses and shipping have also become common, helping to meet increased demand, complete with automated labeling with bar codes to keep track of the size, weight and destination of every package that is sorted through the system.

Since companies are able to sell to customers all over the world, consumers can be more picky about which businesses they choose to patronise. This means the modern businesses have to fight harder to keep their customers loyal, and to stand out from the competition. Social media has provided a valuable tool for businesses to connect with their clientele and have a more personal conversation with them. With consumers becoming even more connected through smartphones and tablets, businesses will have to continue to adapt in order to be transparent and to offer the best customer service possible.

And with new tools like cryptocurrencies and blockchain, companies will need to adapt even more. As is often the case, those that manage to embrace these evolving technologies first - and best - will enjoy a huge advantage over their competitors. In this supplement, we take a close look at how blockchain and cryptocurrencies look set to change the world as we know it. The world of business and finance is no exception.
Throughout the years, Malta has managed to re-invent itself several times. From an economy based on the textile industry and other low value added manufacturing, it has transformed itself into one based on services, high-level manufacturing and knowledge-based activities.

This was possible thanks to Malta’s consistent innovation and investments in its infrastructure: physical, institutional or legal, as well as its human resources. The presence of a robust regulatory support infrastructure offers access to a full range of services and products and offers certainty that has also played a pivotal role.

The last years have seen the proliferation of new and disruptive technology that will have material impact on the majority of industries including the financial services, education and health, logistics, transport and public administration as well as others such as online gaming and intellectual property.

We’re at a crossroads. Malta has a choice to make: either to follow others or to lead. We have opted to lead. Leading by being proactive, by being open to business, and by establishing the right legal infrastructure to attract entrepreneurs and investors from all over the world. In doing so, Malta can transform into an international hub for new, emerging and innovative technology, especially Blockchain.

The uses of Blockchain are almost infinite. They range from financial services where a growing number of financial services firms are using this technology to introduce innovations, such as smart bonds and smart contracts to asset management. Other applications include public sector services, for example, having patients’ encrypted health information shared with multiple providers without the risk of privacy breaches.

The framework that the Government is proposing will offer legal certainty in a space that is currently unregulated. The framework touches upon a number of issues including types of authorisation, legal personality, and the applicability of law on smart contracts. We believe this will foster the creation of a new economic sector that potentially can be as big as the remote gaming sector or the financial services. It can also help in the further development of existing sectors and the creation of new ones as it will usher additional foreign direct investment in Malta, the transfer of know-how and related skills and new specialist opportunities for our community.

The framework proposed consists of three pieces of legislative changes. One involving the setting up of a specialised authority; another separate Bill will set out the regime for the registration of Technology Service Providers and the certification of Technology Arrangements, while a third Bill will set out the framework for ICOs and other services related to virtual currencies. The latter will also include intermediaries such as brokers, exchanges, wallet providers, asset managers, investment advisors and market makers dealing in virtual currencies.

The new authority will promote governmental policies that favour the development of Malta as a centre of excellence for technological innovation and will, among other things, help to safeguard Malta’s reputation by implementing the best standards in the sector. The authority will also play a vital role in the protection of users and consumers, in particular when either directly or indirectly, they will interface or use this technology. We will be taking a principle-based approach, thus avoiding putting unnecessary burden on industry. The new legislative framework will help to separate products and services that offer return and value added from those that are frauds. It will set standards that will help ensure compliance in terms of our international obligations, including anti-money laundering.

These changes should also see the further development of FinTech and RegTech, two sectors that are expanding at a rapid rate. Looking around, one can easily note that funding for FinTech companies is on the rise, supporting the industry from governments is increasing and an abundance of both incubators and accelerators are offering startups the means and assistance to grow within the industry. We will be at the forefront of this new wave of innovation. Our target is to create the right environment and the right incentives to attract business – directly related to FinTech and RegTech – to Malta from all over the world.

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Malta to further diversify its economic output, rendering it more resilient to external shocks. This will help in stimulating economic growth through technology-led innovation, and will put Malta on the global map as a major hub for this kind of innovative technology. It will ensure that future generations benefit from the initiatives we are taking today.
Key problems of supply chains and how Ambrosus Blockchain addresses them

The key problems in the supply chain of many key industries such as food, medicine and commodities revolve around the following basic questions: is the product real? How is quality assured? Where do the components come from? Oftentimes, due to lack of reliable data these questions are addressed imperfectly.

This is why counterfeits abound, quality is unknown, and traceability is hard to assure. And these problems create significant problems for the industry: damaged brand image and lost revenues; health and safety hazards; quality assurance and compliance issues; lack of information and trust. Hundreds of billions of dollars are lost annually and the lives of millions of people are at risk.

Honest producers, concerned consumers and governments have been working together on various solutions that could help them fix this problem, but the technology at hand was not adequate to provide a reliable and cost-effective measure to address these issues.

However, the recent flourishing of the blockchain technology allows us to find solutions that were simply impossible before, and Ambrosus pioneered the application of blockchain in the supply chains domain. It is now redefining the very notion of a supply chain.

Paving the way for progress

Ambrosus is more than just technology; it is a global movement of enthusiasts and thought leaders combining skills in blockchain, microelectronics, global trade and financial innovation supported by a wider community of cryptocurrency enthusiasts.

Combining the top-down approach thanks to the world-class team of researchers and engineers, and the bottom-up approach due to a rapidly-growing and supportive community full of creative ideas, Ambrosus has grown into a full-blown ecosystem.

The range of products within it includes: blockchain; distributed applications; smart contract templates; protocols for sensors; immutable data storage solutions and ad-hoc hardware solutions.

Tying it altogether is Amber (AMB), the cryptocurrency of Ambrosus that powers the ecosystem. Serving as the fuel for the network and as incentive means for creation of new solutions, Amber has become the building block for the decentralised economy of Ambrosus, encouraging developers, entrepreneurs and visionaries all over the world to propose and realise the boldest ideas to transform our planet for the better.

Just to give a glimpse of the exciting things that Ambrosus is building: a Peer-to-Peer marketplace that permits purchase of products whose quality is tracked through the blockchain and payments are released only through confirmation of satisfactory quality; a dedicated network AMB-NET that creates an enterprise-grade blockchain for corporations in the food and pharma sector; consumer-oriented applications that permit individuals to get insights into the products they are buying and receive cryptocurrency and tokens as loyalty points; serialisation tools for inventory management via blockchain; smart-contract-based auditing tools for supply chains.

Ambrosus currently runs a number of pilot projects with private companies and public institutions that help them address and resolve the current issues related to the supply chains.

Existing public collaborators or supporters with Ambrosus activities include the United Nations, Swiss Federal Institute of Technology, European Institute of Technology, Parity Technologies, Validity Labs, Enterprise Ethereum Alliance and a number of financial institutions and industry-specialised organisations.

Ambrosus is also proudly pushing the global education on the blockchain via dedicated educational programs and hackathons.

How you can join the movement

Ambrosus is on the lookout for more corporate partners to test out and pilot its technology. It is in always-hiring mode for engineers, product owners, developers, communicators and business developers. It is open to new project proposals and collaboration offers. If you are excited about what they do and want to engage, contact them at info@ambrosus.com.
Blockchain and cryptocurrencies are gaining more traction in mainstream business. PAUL forecasts the forefront of this industry. regulator and the private sector for their catch-up, however, credit must be given to both the Maltese Government, the organisation and has taken active steps shown that it wants to be a leader in this sector and has shown that it wants to be a leader in necessary security safeguards so that this happens, the law should provide the protection of investors and investments in this field very much the same way as the internet requirements for the setting up and or operation of firms investing or trading in cryptocurrencies and blockchain in general is not adequately regulated. As a result, a system seems to have been created that runs parallel to the existing regula- tion system. This phenomenon in con- cerned with the specific characteristics of cryptocurrencies such as the anonymity in the transactions, the absence of a central authority and its immutability, creates local, national and international protection, taxation law, database protection as well as criminal law while risks related to terrorism also need to be tackled. At the same time, Bitcoin and other cryptocurrencies are also being used that they have become a reality which could change the way the entire financial market works. Considering the function of law as the means of organised socie- ties to control and regulate the actions of our members we believe that it is crucial for legislators to take action and adopt appropriate regulatory mea- sures. Issues such as the legal nature of cryptocurrencies and their connection to the legal nature of analogous legal papers that are being issued by the Gov- ernment of Malta have consistently shown us that it is a matter of not just regulatory, but of an international matter. Regulators all over the world are currently playing catch-up, however, credit must be given to the regulator and the private sector for their initiatives in ensuring that Malta is at the forefront of this industry.

Unlike Bitcoin, which has been running since 2009, use of blockchain in banking remain largely experimental. One vision is for a single database maintained and accessed by the biggest banks to execute and settle trades. Do you see this becoming reality? What immediate use can you envisage for blockchain technology?

The applications of blockchain tech- nology can be numerous. Although at present the use of blockchain in different industries is still at an experimental stage, it can have a significant effect in the way the markets function and in the way business is conducted. Based on its characteristics blockchain can provide safety, transparency, efficiency and reduce conflict in sectors that are regulated for executing transactions. The potential benefits of blockchain in banking are manifold, compellingly appealing and it should come as little surprise that huge amounts of resources are invested by major international organisations. Within the next years we will likely see blockchain implemented in very much the same way as the internet is used in the banking system.

In this context and taking for granted the impact which a database unification of all the large banks may have in terms of cost and labour savings, although the process is very complex and will require time in need of the cooperation of specialists of many sec- tors in order to operate smoothly, sooner or later it will become reality. Naturally, the investment required is immense as security is of paramount importance. Vulnerabilities have been discovered and exploited in the past and it is witnessed more and more a few years ago with respect to the Distrib- uted Autonomous Organisation. Whilst not related to the banking industry, this case did show that vulnerability in the programming of a smart contract led a hacker to drain the DAO of its cryptocurrencies ‘Ether’. Nonetheless, in the meantime block- chain can be used by and benefit banks in several ways. In KYC procedures block- chain can provide more efficiency and security with respect to the implementa- tion of Anti-Money Laundering legislation on an international level. It can be used for the verification of intermediaries and international payments and transfer of money less expensive and faster, and reduce the costs of intermediaries needed for the execution of complex transactions. In addition block- chain and especially smart contracts can have a significant influence on the operation and decision-making of the blockchain system and the real estate industries.

One of the most radical ideas for blockchain technology is the notion of digitising law. The industry jargon is ‘smart contracts’— code that a database automatically executes a contract based on the fulfillment of certain real-world conditions, just as a vending machine obeys rules to provide sweets when money is inserted. But it desirable, or even possible, that contracts become inescapable contracts? As lawyers, the development of smart contracts is one of the most intriguing aspects of blockchain. To begin with read with more frequency that the role of a lawyer will diminish as a result of smart contracts but contracts as we know them will soon become a thing of the past. So naturally this is an area of interest. I am of the opinion that the term ‘smart contract’ may be a bit misleading and is being given more importance than deserved. However, it has legal aspects. Smart contracts in essence will be capable of executing certain instructions written into the blockchain. This is nothing new in and of itself and would function no different to an automatic pay-out or purchase of shares on a pre-determined trading price of the stock. With respect to a smart contract we see something similar in relation to the role of an escrow agent in a sale and purchase. In this case, the escrow function could indeed be deemed ‘smart’. However, the smart contract should be viewed as a tool that would work in tandem with a contract, in the most traditional sense.

There are various aspects that need to be given serious thought with respect to smart contracts and one in particu- lar is related to that aspect of Distributed Ledger Technology which is often touted as one of its biggest advantages, that is, its irreversibility of transactions. How- ever, in reality, we have to contend with amendments to the law, a change in intention by the contracting parties, the possibility of a party to a contract acting without authority of the other party or requiring a rectification as the original in- structions are not aligned with the law or the contracting parties. In such cases, the immutability of smart contracts is something that may become a problem unless tackled efficiently. In the short term I believe that the more straightforward and standardised transac- tions would be serviced well by smart contracts. This should undoubtedly be to the satisfaction of many and have consider- able beneficial effects on the market and society in general. The straightforward execution of contracts based on cut terms and conditions, the avoidance of long-term disputes, the facilitation of business and the reduction of cost and time of transactions and even the elimination of bureaucracy are just some of the benefits which cannot be dismissed.

However, for the more complex trans- actions, the industry needs more time to mature. The impact of blockchain on the legal profession is going to be, as is the case with many other professions, that of significant change and evolution. In any case, the immutability of smart contracts is something that may become a problem unless tackled efficiently. These are the areas that need to be given serious thought with respect to smart contracts and one in particu- lar is related to that aspect of Distributed Ledger Technology which is often touted as one of its biggest advantages, that is, its irreversibility of transactions. How- ever, in reality, we have to contend with amendments to the law, a change in intention by the contracting parties, the possibility of a party to a contract acting without authority of the other party or requiring a rectification as the original in- structions are not aligned with the law or the contracting parties. In such cases, the immutability of smart contracts is something that may become a problem unless tackled efficiently.

Is blockchain suitable for any organisation? And, if so, how should Malta organisations think about applying it and what would this mean organisationally and culturally?

The consultation document on the es- tablishment of the Malta Digital Innovation Authority and the framework for the Certification of Distributed Ledger Tech- nology Platforms and Related Service Providers; and a Virtual Currency Act is indicative of what a cross-sector evolution we are experiencing. The Govern- ment of Malta is anticipating an overlap between various competent authorities in Malta and the proposed Media Digital Innovation Authority. This is itself a clear indication of how far-reaching the effects of blockchain are going to be. At its core, a blockchain is a less regulation and greater implementa- tion and avoiding additional layers of bureaucracy, I firmly believe that at this stage the proposed ‘Joint Co-Ordination Board’ will be extremely beneficial. The efficient cooperation between the Malta Digital Innovation Authority and the various competent authorities will be crucial. The key point is that all of us, from our respective sectors pull the same rope. Organisations should approach blockchain technology in a very similar manner. The personnel concerned in the various departments need to be made aware of what the technology has to offer and how it can be implemented. The collab- oration among such departments is key as all too often technology is associ- ated with replacing workers, which is thus leading to redundancies of current employees, which makes implementing the changes that much harder. Blockchain has several benefits to offer any organisation and integrity of information, high level of trust and public verifiability constitute a few of themselves. In addition, it could also provide cost and time savings. How- ever this does not mean that the use of blockchain makes sense for every single organisation no matter what the specific needs and structure of it are.

Organisations that are processing large amounts of data, particularly when the information is distributed among multiple parties, have been able to work through the use of blockchain. What would otherwise lead to issues of poor commu- nication or confidentiality could help organisations dealing with supply chain management, banks, healthcare, universities, insurance companies, many government agencies streamline their procedures.

Even the public sector stands to benefit by the use of blockchain and smart con- tracts applications. What is your firm doing to prepare itself and its clients for blockchain and its effects?

Ironically enough we have set up a centralised system at our firm to prepare ourselves for the various practices in which we are ac- tive. A core team have been familiarising themselves with blockchain and virtual currencies and have begun introducing the concepts to the various departments. Adoption is still in the early stages of decision. Blockchain is a culture change that has the potential to spread across all sectors of the economy. That means that we all need to familiarise ourselves with the pros and cons of blockchain and how it will change our life in the future. If we achieve this, it is only then that we can move away from our centralised system that is less regulation and greater implementa- tion. However, for the more complex trans- actions, the industry needs more time to mature. The impact of blockchain on the legal profession is going to be, as is the case with many other professions, that of significant change and evolution. In any case, the immutability of smart contracts is something that may become a problem unless tackled efficiently.

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DataByte, Express Trailers to take unique proprietary IT system internationally

When Express Trailers launched its managed pharma warehousing service in 2012, its obvious choice in terms of software was an already mature Warehouse Management System for 3PL that was developed by DataByte, a leading software development house, forming part of the KDM Group.

That system consisted of an IT-based platform that efficiently manages administration and invoicing of the receipt, storage and distribution of stocks.

The original proprietary system was further developed by DataByte, and Express Trailers is now co-investing with DataByte to take this system to the next level and market it both locally and internationally to other Third-Party Logistics operators.

“Managed Warehousing goes beyond having available space for storage but rather, it entails having the right IT platform supporting the day-to-day management of receiving and holding third-party inventory, issue holding bills, taking orders, delivering these orders to customers and keeping track of replenishing stock,” said Franco Azzopardi, Chairman and CEO of Express Trailers.

“We have been collaborating with DataByte since our first pharma warehouses started operating in 2012. However, since different commodities require different handling, we had to modify the system to cater for such requirements and today, besides pharmaceuticals, this platform has been modified to cater for different types of commodities including brown goods, white goods, manufacturing goods and more. Eventually, this IT system is now being applied to the management of Express Trailers’ new centralised managed warehousing facilities in Qormi.”

Express Trailers’ Warehouse Management System for 3PL features a configurated plan of each warehouse facility identifying length of stay of goods stored in the warehouse, the accrued billing value per night of storage and any vacant storage space that can be sold.

When cargo is received, tagged and warehoused, all items are bar-coded on location. Clients supply electronic files with the incoming cargo to enable us to prepare the related documentation for the warehouse coordinator to administer.

Pick orders are also sent by the client in electronic format to include the number of items required and respective stock code, segregated according to each driver or vehicle.

The newer improved system is planned to cater for online data interface and give clients more authorised accessibility.

Currently Express Trailers handles third-party logistics for a number of companies including a major telecoms company and a leading white goods company.

Frederick Micallef, DataByte’s Managing Director said that the relationship between Express Trailers and DataByte started in 1986, when DataByte started to analyse, design and build the core Transport Management System for the company.

During the same year, DataByte also started developing a Warehouse Management System for third party logistics for another client who operated in a different sector.

Convergence between the two distinct product paths took place some seven years ago when Express Trailers engaged DataByte in the company’s own product development for third party logistics, specifically warehouse management.

Express Trailers had taken a strategic decision to invest in this area of business as part of their diversification strategy.

“ICT was crucial, and the company approached us to use our expertise in this field of business, and on the basis of our long-standing relationship, tap in our technological expertise to create the third party contracting, inventory holding and billing engine behind the warehousing operation.” The product grew in such a way, that it now required a more robust and widely accessible application which can also integrate with the third-party clients.

“Express Trailers is the leading logistics partner in Malta with expertise in the field and with a vision and commitment towards internationalisation.

“This is in sync with our vision and strategy and as such we decided to establish a company to develop and market this product both locally as well as internationally. To achieve this, we will also be maximising our recently announced partnership with international consultants Gartner for the internationalisation of the product, which product will also be using our robust and safe cloud-infrastructure,” Micallef said.

Azzopardi said that the prospects of more growth in this activity had led the company to start consolidating its available space and it had decided to centralise its managed warehousing service under one roof to be able to offer a better and more efficient service to an increased demand.

“Our pharma warehouses will remain next to our main offices but our current managed warehouses located opposite our main operating yard will be moved to our new 2800sqm warehouse in Qormi, leaving us with more space that will be utilised better to gain more efficiencies.”
Pride can lead to great things.

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It is ironic how various digital currencies that are based on cryptography, which are actually understood by the very few, have become so sought after by so many investors, large to small, widows and orphans included. Within this context it is even more ironic to witness this herd effect, when one considers the relatively recent onset of various legislative and regulatory measures which were amongst others aimed to protect the interests of investors. A lot has been discussed and debated about the merits and demerits of cryptocurrencies as an investment medium. Some investors have in fact benefited from being early stage investors, which carries its risks, but may be rewarding, while other have burnt their hands (or really and truly their money) in taking the plunge.

One may argue that the hype around cryptos is not new but rather this has become today’s investment novelty which is more driven by the FOMO effect - the Fear Of Missing Out - rather than a carefullyanalysed approach driven by sound underpinnings – typically the Warren Buffet way. Lest we forget that the state of flux of irrational investor exuberance, as then coined by Alan Greenspan in the year 2000, is not new to the market; in comes the dot-com bubble era, the emerging market sovereign bond crisis and others that have gripped the investor market and wiped off billions in value.

Critics believe that cryptocurrencies like Bitcoin are over-hyped, that their potential is based on pure speculation, that they are Ponzi schemes, and that these currencies are an insufficiently regulated payment channel used for illegitimate reasons and to support money-laundering mechanisms. As a result, cryptocurrency transactions have led to serious political and regulatory concerns around consumer protection, money laundering and financing of criminal activities. This has in turn led a number of banks to block any form of clearing and settlement of transactions linked to cryptocurrencies as has been the case in Malta a few months back.

This policy has been driven by the sheer reality that cryptocurrencies allow anonymous funding and may potentially act as conduits for money laundering and terror financing. Some...
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FinanceMalta is the public-private initiative set up to promote Malta as an International Financial Centre.
As concerns rise over the security and stability of cryptocurrencies, PAUL COCKS spoke to CHRISTINA SCICLUINA, Senior Associate at Mamo TCV Advocates, to ascertain what is being done to protect investors and to safeguard against money laundering and tax evasion.

In just under a month, the crypto-market has lost over $500 billion as prices of all major cryptocurrencies tumbled. Two weeks ago, Bitcoin’s price fell to a low of $5,995.58, its lowest since mid-2017 and worth five times more than it was a year ago.

How sustainable are such losses? Is this the beginning of the end for Bitcoin and cryptocurrencies in general, or are they here to stay?

The extreme price fluctuations surrounding cryptocurrencies have always been with Bitcoin as a peer-to-peer moneysystem with the introduction of this new currency and, yes, the price of Bitcoin is currently lower than the price of Bitcoin is currently lower than surrounding this new currency and, yes, been at the forefront of the controversy with respect to the anonymity surrounding centralised peer-to-peer network and a payment method in Japan. Such adoption is likely to continue and will promote innovation surrounding the technology. Whilst ensuring financial regulation, whilst ensuring financial investor protection and the buying/selling of cryptocurrencies will not be sustainable.

The head of the Bank for International Settlements, Agustin Carstens, has warned that central banks must take action against cryptocurrencies because they put consumers at risk and serve as a vehicle for tax evasion and money laundering. He described Bitcoin as little more than a “ponz scheme”, a “bubble” and an “environmental disaster”, while speaking at Frankfurt’s Goethe University two weeks ago. How can the danger of using cryptocurrency for money laundering or financing of terrorism be tackled?

A percentage of fraud is unavoidable with all major currencies or as a medium of exchange. There will always be individuals/users who have bad intentions and who will exploit any platform/medium of payment. Indeed banks have served as such a vehicle for decades. In a recent study it was found that one percent of transactions involved illicit activity. The challenge for legislators is to ensure suitable regulation that mitigates the risks of money laundering and financing of terrorism without such impositions being too rigid or over-bearing so as not to discourage adoption or use. We have already seen the use of cryptocurrencies has been adopted under the Fifth Anti Money Laundering Directive to combat money laundering and funding terrorist financing risks which may be linked with cryptocurrencies. These measures do not seek to prevent the use of cryptocurrencies but will require countries to focus on measures to implement customer due diligence measures (just as banks do now) and impose the same responsibilities in relation to application of customer due diligence controls and ongoing monitoring of certain transactions, imposing new obligations of reporting suspicious activities to government entities. With respect to the issue surrounding user anonymity, transactions performed on the blockchain are traceable to users by their name but by their public key. Transactions are therefore pseudonymous and not anonymous, in that every transaction involving a user’s address is forever recorded on the Blockchain.

The Muscat administration has shown what many consider to be a rather surprising amount of interest in blockchain technology and it is important for Malta to be a leader in blockchain and distributed ledger technology.

Malta is one of the world’s smallest and most densely populated countries, and comfortably the smallest of the 28 EU member states. Our size did not stop us from being a global leader in the financial services industry and a significant number of gaming companies to our shores. The positive attitude which Malta has taken towards blockchain technology and cryptocurrencies is welcomed by the industry, which is important for Malta to meet global standards of the top players in the EU.

We have seen that this new industry has, and will continue to develop and grow at a much faster pace than we have ever experienced. Issues which we were looking at only a few months ago are today either non-existent or redundant, and accordingly being quick in reacting to this innovative opportunity is crucial to ensure that Malta is not left behind as a jurisdiction which may reaps the potential of this new industry.

The government consultation document which was published on 17 February 2018 on the establishment of the proposed Malta Digital Innovation Authority and the proposed regulatory framework which includes: the certification of distributed ledger technology platforms and related services providers and a Virtual Currency. The government’s consultation on 17 February 2018 to the intention of Malta to become a leader in Blockchain and distributed ledger technology and the blockchain technology.

This Q&A is not intended and does not purport to give any sort of legal, tax or financial advice.

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MIA given green light to invest further through master plan approval

Malta International Airport has been granted approval by the Planning Authority for its master plan, through which the company will plough at least €100 million into the development of its terminal infrastructure, as well as the surrounding airport campus.

This approval gives the company the green light to proceed to the planning stage of its forward-looking investment programme, which will be executed in three major phases:

“Through this sizeable investment we expect to solidify Malta International Airport’s important role in the local economy, as we unlock its potential to welcome more tourists and generate further employment opportunities. We also envisage that this programme will build on the successes of past investments and go on to grow the airport campus into a go-to destination for business and leisure,” said Malta International Airport CEO Alan Borg.

Since its privatisation in 2002, the company has consistently invested in the airport, with the aim of establishing it as one of the best airports in Europe.

Over the past 16 years, Malta International Airport’s infrastructure has benefited from an expenditure of more than €110 million, with some of the most noteworthy upgrades brought about being a terminal expansion, a terminal reconfiguration that will allow further traffic growth, and the development of SkyParks Business Centre.

In the short term, the company’s focus will be retained on the completion of its Terminal Reconfiguration Project, which has already delivered a number of improvements within the terminal building. In parallel with this, and together with its consultants, the company will also be actively working on drafting design plans for a lateral expansion of the terminal.

This development will be undertaken with the aim of putting Malta International Airport in a better position to keep delivering the excellent airport experience it places so much importance upon to an increasing number of passengers and enhancing the islands’ connectivity to the rest of the world.

In line with the trend that is seeing airports move away from serving solely as passageways to the world, the company will also continue evolving the surrounding airport campus into a business and leisure complex, geared at providing high-quality facilities and more work opportunities.

In fact, in the last quarter of the year, it is envisaged that works on the construction of a multi-storey car park providing more than 1,300 parking spaces, will commence. The master plan also provides for the construction of SkyParks II, which will house office and retail space and a business hotel.

The company’s master plan was subjected to a Traffic Impact Assessment (TIA) and an Environmental Impact Assessment (EIA), as part of which a public consultation period gave local stakeholders, environmental NGOs, and government authorities to review the master plan and submit their observations.

This project will be undertaken with the aim of putting Malta International Airport in a better position to keep delivering the excellent airport experience it places so much importance upon.

Looking ahead

With the Terminal Reconfiguration Project, Malta International Airport is now looking ahead to affecting its investment programme covering the next five years. This programme is expected to continue to solidify the company’s role in the local economy, as it enables it to further grow both its aviation and non-aviation segments.

The company’s investment programme was revised following the recent approval of its comprehensive master plan. The approval was granted following an Environmental Impact Assessment, as part of which a public consultation period opened up the opportunity to local stakeholders, environmental NGOs, and government authorities to review the master plan and submit their observations and recommendations.

The master plan will be executed in three major phases, which are envisaged to:

• Equipping the existing terminal with additional capacity so as to be able to cater for future growth in passenger numbers, especially considering that the airport has been registering a steady year-on-year increase in traffic;

• Continuing evolve the airport complex into an easily accessible business and leisure hub, in line with the international trend that is seeing airports move away from serving solely as passageways to the world;

• Benefit, and add value to, the southern region by creating more leisure, recreational, business and convenient facilities in this part of the island;

• Generate further employment opportunities.

Focusing on SkyParks II

In line with its aim of developing the airport into more than just a terminal, and following the success of SkyParks Business Centre, Malta International Airport will soon set into motion works on the construction of SkyParks II with an investment of €40 million.

Moreover, a preliminary study conducted by a third party indicated that the office market in Malta is far from being developed, and that businesses seeking alternative locations to more sought-after and central regions often find that high-quality office space is limited. SkyParks II will cater for this demand by providing office space, room for double-height showrooms, and introducing a business hotel to the southern region.

Located just minutes away from the terminal, this hotel is envisaged to enable travellers who fly in for the sole purpose of holding business meetings to make the most of their trip. Occupying 5,500 square metres, this hotel will house approximately 120 rooms and a roof-top bar.

As the airport campus continues to evolve, the number of visitors and people working in the area is expected to increase. In light of this, Malta International Airport will also be ploughing €15 million into the construction of a multi-storey car park, which will furnish the airport complex with an additional 1,096 parking spaces.
Much can be written about blockchain, the theory behind it, related technologies, its uses and implications. This article serves as a quick primer on blockchain and its potential to improve the delivery of public services. Blockchain is a decentralised distributed ledger technology that allows the creation and validation of transactions between computers on a network. Each transaction has a timestamp and unique cryptographic signature, which makes it secure and immutable. Transactions need not necessarily be financial, but may constitute any exchange of digital assets.

The recording of these transactions lends this technology the nature of a ledger, while it is distributed because there is no central third-party authority, such as a Government, bank or other institution, that acts as a mediator or agent in these transactions. It is the participants in the network who are the only parties to the transactions, who decide on the rules governing these transactions, and who have and update copies of the data.

No data is ever deleted, making it auditable and transparent. The term blockchain arises from the fact that groups of transactions form blocks of data that are linked, as in a chain, to other blocks of data. It provides record-keeping functionality, without a centralised architecture. Although blockchain technology is based upon transactions, it is not a replacement for traditional databases or transaction processing.

In many conversations related to blockchain, Bitcoin is normally also mentioned. Bitcoin is a cryptocurrency based upon blockchain technology. It is pertinent to note that it is only one of a multitude of cryptocurrencies that currently exist. It is beyond the scope of this article to discuss cryptocurrencies, but Bitcoin, or cryptocurrencies in general, do not define blockchain. The nature of blockchain makes it easier for these cryptocurrencies to come into being and to evolve. The lack of an intermediary also increases the desirability of cryptocurrencies since transactions tend to be faster and cheaper because the model cuts out any middleman.

Therefore, one may look at blockchain technology as a notarisation service that validates the exact time at which an action or event took place. This may be a birth or death, the exchange of a property title, the acquisition of a qualification or nearly anything else where a timestamp is critical as proof of the event. Globally, governments are making use of this technology to better their public services. One such area is the streamlining of approvals from multiple authorities. Many life events require citizens to gain any number of approvals, which normally require physical visits to the corresponding number of government offices in order to complete the process. Blockchain makes these approvals possible in a decentralised manner.

The power and convenience of this is multiplied when the players are dispersed geographically, possibly in different countries.

Smart contracts seem to provide substantial tangible benefits in being secure and transparent. This would be true especially for contracts relating to public procurement, but also for all contracts where public services to citizens and business are concerned. Other applications include land registry, a Blockchain Exchange as a subsidiary of the stock exchange, enrolling of students into schools, property acquisition and others.

The Blockchain Hub shall provide a mechanism to support start-ups in implementing projects based upon blockchain technology. In support of this, the Malta Information Technology Agency (MITA) has been made responsible for implementing a Blockchain Hub as well as a National Blockchain Laboratory. The Blockchain Hub shall provide a mechanism to support start-ups in implementing solutions based on Blockchain. The government shall be capitalising on MITA’s existing expertise and experience in this area following the establishment and successful operation of its own MITA Innovation Hub (MIH) that provides support to technology start-ups. The MIH’s business model may easily be reused for the Blockchain Hub. The National Blockchain Laboratory is intended to provide a physical or virtual space where public officers may learn about Blockchain technologies. This facility may in future also be made available to Government suppliers and start-ups.

The fundamental prerequisite for all this to happen is trust. It is essential that the members of any blockchain network trust each other since there is no central controller or arbiter to set the rules or settle disputes. However, it is a characteristic of the blockchain model itself to encourage this trust because of the promise of transparency and accountability. This is the potential that blockchain presents in improving our public services.

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