Settlement Agreement Publication Notice

This Notice is being published by the Financial Intelligence Analysis Unit (the FIAU) in terms of Article 13C of the Prevention of Money Laundering Act (the PMLA) and in accordance with the Policies and Procedures on the Publication of AML/CFT Administrative Penalties and Measures established by the Board of Governors of the FIAU.

The Notice provides select information from the FIAU's decision imposing the respective administrative measures and is not a reproduction of the actual decision.

DATE ON WHICH SETTLEMENT WAS CONCLUDED:

27 August 2026

SUBJECT PERSON:

MiFinity Malta Limited

RELEVANT ACTIVITY OR FINANCIAL BUSINESS CARRIED OUT:

Financial Institution

SUPERVISORY ACTION:

Compliance Examination carried out in 2023

SETTLED AMOUNT:

€160,099

DETAILS OF THE ADMINISTRATIVE MEASURES IMPOSED:

An administrative penalty of €266,833 and a Follow-Up Directive in terms of Regulation 21 of the Prevention of Money Laundering and Financing of Terrorism Regulations (the PMLFTR).

A settlement agreement was entered into by MiFinity Malta Limited (the Company) and the FIAU in accordance with Regulation 22 of the PMLFTR, as further elaborated in the Settlement Agreement Policy issued by the FIAU in April 2026[1]. By means of the execution of the settlement agreement, the Company has adhered to all the conditions included in the aforementioned Settlement Agreement Policy. Accordingly, the original administrative penalty of €266,833 was reduced by forty percent (40%), resulting in a revised administrative penalty of €160,099.

[1] https://fiaumalta.org/app/uploads/2026/04/Settlement-Agreement-Policy.pdf.

LEGAL PROVISIONS BREACHED:

- Regulations 2(1) and 5(5)(a)(ii) of the PMLFTR and Sections 3.5.1(a), 3.5.2, and 8(1) of the IPs
- Regulation 7(1)(c) of the PMLFTR and Section 4.4 of the IPs
- Regulation 7(2)(a) of the PMLFTR and Section 4.5.2 of the IPs

REASONS LEADING TO THE IMPOSITION OF THE ADMINISTRATIVE MEASURE:

Customer Risk Assessment (CRA) - Breach of Regulation 2(1) and 5(5)(a)(ii) of the PMLFTR and Sections 3.5.1(a), 3.5.2, and 8(1) of the IPs

During the compliance examination, it was noted that the Company's Customer Risk Assessment (CRA) process was introduced after its operations had already commenced, following a remediation exercise which prioritised the implementation of the CRA. Once implemented, the Company carried out a CRA exercise across its whole customer base. Notwithstanding, the timing of the implementation meant that a significant portion of the customer base were subjected to delayed CRAs, while other customers remained without a CRA.

Furthermore, the CRA methodology in place at the time of the examination required further enhancements, including the embedding of risks attributed to SoW and SoF within the customer, geographical, product and transaction risks factors.

The Company acknowledged this and indicated that the assessment has since been enhanced and supported by multiple data sources, with further refinements planned to be undertaken in 2026. These changes were also evidenced through the latest CRA methodologies provided.

Customer Profiling - Breach of Regulation 7(1)(c) of the PMLFTR and Section 4.4 of the IPs

At the time of the examination, the extent of information and documentation collected was mainly determined by transactional activity thresholds, rather than being fully guided by the outcome of a Customer Risk Assessment (CRA). Furthermore, a number of customer profiles could have been more comprehensively established, particularly where the relevant thresholds had been met or certain inconsistencies were identified.

In its representations, the Company explained that its previous reliance on these thresholds was due to the fact that its CRA model had not yet been implemented. Once the CRA became operational, the Company began collecting information and documentation for customer profiling purposes on a risk-sensitive basis. This process, which is also evidenced through the relevant policies and procedures, is now initiated at onboarding and continues throughout the customer lifecycle. The Company also carries out periodic reviews in line with assigned risk ratings and has introduced an income-to-activity monitoring rule to support the identification of potential inconsistencies in customer behaviour.

Transaction Monitoring - Breach of Regulation 7(2)(a) of the PMLFTR and Section 4.5.2 of the IPs

A number of alerted transactions selected for review had been discounted without sufficient supporting rationale, despite involving indicators that called for closer consideration. In the absence of supporting documentation or a clearly documented assessment, the basis for approving these transactions was not always sufficiently evidenced.

The Report also referred to instances where transaction activity appeared inconsistent with the customer profiles established at the time, including expected monthly activity and declared income levels.

Following the compliance examination, the Company focused on enhancing its transaction monitoring framework, as also evidenced through the respective policies and procedures. These included the enhancement and continuous maintenance of the automated transaction monitoring system, the introduction of additional monitoring rules, and the implementation of more formalised policies and procedures. The Company further indicated that it has since strengthened its alert-handling process by requiring documented rationale when alerts are discounted, together with supervisory oversight and quality assurance controls to support more consistent and well-evidenced decision-making.

THE COMMITTEE'S REASONS FOR ENTERING INTO SETTLEMENT

The Committee considered that the administrative breaches identified during the 2023 Compliance Examination stemmed from administrative deficiencies in the Company's AML/CFT framework as had been implemented at that time particularly in relation to the timing, implementation and effectiveness of the Company's CRA process and related customer due diligence controls. The Committee noted that, although the shortcomings were serious and had impacted the Company's ability to demonstrate a sufficiently comprehensive and risk-sensitive understanding of its customers during the relevant period, the Company had, by the time of the Committee's assessment, undertaken significant remediation to address the failings identified. In particular, the Committee took into account, the completion of a bulk remediation exercise, particularly the implementation of a CRA process and the strengthening of the Company's transaction monitoring process and customer profiling framework. Finally, the Committee has also positively commended the good level of cooperation demonstrated by the Company throughout the process.

Having considered the foregoing, the Committee assessed whether it could offer a settlement agreement in accordance with Regulation 22 of the PMLFTR, as further elaborated in the FIAU's Settlement Agreement Policy. Whilst the Committee is of the view that the administrative breaches involved were serious and systematic, warranting the imposition of an administrative penalty and a Follow-Up Directive, it also took into account the Company's admission of the administrative breaches, the successful efforts undertaken by the Company's Board of Directors to remedial measures implemented prior to the Settlement Process, the effective investment in compliance made by the Company towards enhancing its AML/CFT compliance framework.

Taking into consideration all relevant elements, the Committee decided to impose an administrative penalty of €266,833. By means of the execution of the settlement agreement, this penalty was reduced by forty percent (40%):

- Admission of breaches following the receipt of the potential breaches letter, up to the submission of the Representations (15%); and
- Remediation implemented before the intervention carried out by the FIAU (25%).

This resulted in a revised administrative penalty of one hundred sixty thousand ninety-nine euro (€160,099).

Key Takeaways

- Subject persons are to ensure that the risk factors identified as part of their customer risk understanding are being considered, in a timely manner, for the purpose of understanding the level of controls necessary and the measures which are better suited to effectively manage the risks identified.

- Subject persons are to remember that the main purpose for collecting information and/or documentation on the customer's nature of employment and source of wealth is so that they can establish a business and risk profile and eventually scrutinise transactions against such profile. The availability of the said information (and documentation, where the risk is higher) is key to detect any unusual activity in the course of the business relationship.

- Proper scrutiny of transactions necessitates vigilant monitoring to identify and review those transactions that deviate from the customer's established profile, as well as those transactions that, prima facie, appear to be unusual or suspicious, or lack a clear business or economic rationale. Subject persons must ensure that they have an effective transaction monitoring framework in place, capable of promptly detecting anomalous behaviours and other deviations from the customer profile. On a risk sensitive basis, the transactions being processed may need to be further corroborated through the collection of relevant information and supporting documentation, this to ascertain their legitimacy.

- When a customer is escalated for review, it is of utmost importance that such a review entails a proper deep dive into the client's activity and funding sources, taking into consideration all available information and documentation in a holistic manner. Hence, customer file reviews should not be a mere procedural formality or a checkbox exercise, but rather, they should aim to gain a comprehensive understanding of the customer's profile and behaviour. Additionally, when documentary evidence is acquired, it must be adequately scrutinised as well as assessed for relevance and consistency.

2 September 2026