



A FAMILY AFFAIR

The Malta Chamber of Commerce, Enterprise & Industry Exchange Buildings,
Republic street, Valletta

1 October 2018

Family business transfer guarantee facility

Chairman of the Malta Development Bank

Opening address

Minister Cardona, Mr President, Distinguished Guests, Ladies and Gentlemen,

First, I would like to thank the organisers for providing me with the time for the introduction of the first programme provided by the Malta Development Bank. The Family business transfer guarantee facility will be offered in conjunction with Bank of Valletta. I wish to take this opportunity to congratulate the Family Business Office for its valuable ongoing work in supporting the long-term sustainability of family businesses and for promoting this facility.

We are focusing on what is referred to as the third crucial phase of the lifecycle of a business...after business start-up and growth, business transfer is the third crucial stage. While much attention is given to encouraging the creation of new businesses, it is also important to ensure the continuation and growth of existing viable enterprises. Succession is a long process that needs sound preparation. Too many viable companies close down due to insufficient attention to these issues. And with them many quality jobs are lost.

While it is necessary for family businesses to seek the assistance of professional advisors to assist them in their succession plan – and we have seen the introduction of several fiscal incentives and measures supporting this - still, the element of financing remains a missing piece of the puzzle. It is in tackling such financing that the Malta Development Bank, in association with the Bank of Valletta have developed an innovative financial instrument to support the transfer of family businesses.

Family businesses have a crucial role in the Maltese economy and thus they are a priority area for the MDB. The purpose of this facility is to assist and facilitate family businesses to transfer their business from one generation to the next.

Through this agreement, the MDB will be contributing a partial credit risk protection on the lending portfolio of Bank of Valletta. The benefits from such risk-sharing will pass on to the ultimate beneficiaries in the form of better access to finance and with more accommodating terms and conditions.

The MDB looks forward to more collaboration with BOV and other entities with the objective of offering additional financial instruments to address funding gaps to



support socioeconomic development in Malta. In fact, other schemes are in the pipeline and will be announced in the coming weeks or months.

Thank you for your attention and I augur that this programme will meet the needs of family business transfers.