

L.N. 265 of 2025

**BANKING ACT
 (CAP. 371)**

Banking Act (Consumer Credit) Regulations, 2025

IN EXERCISE of the powers conferred by article 3 of the Banking Act, the Minister responsible for the regulation of financial services, acting on the advice of the Malta Financial Services Authority, has made the following regulations:-

1. (1) The title of these regulations is the Banking Act (Consumer Credit) Regulations, 2025. Citation and scope.

(2) The scope of these regulations is to apply the relevant provisions of the Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC, in so far as applicable to creditors as herein defined, and these regulations and any Rules made thereunder shall be interpreted and applied accordingly.

(3) These regulations establish a common framework for certain aspects of laws, regulations and administrative provisions concerning credit agreements covering credit for consumers falling within the scope of these regulations in accordance with regulation 4.

(4) These regulations shall come into force on such a date or dates as the Minister responsible for finance may by notice in the Gazette establish and different dates may be so established for different provisions and, or purposes of these regulations.

2. (1) In these regulations, unless the context otherwise requires: Interpretation.

"Act" means the Banking Act; Cap. 371.

"Authority" shall have the same meaning as assigned to it in the Malta Financial Services Authority Act; Cap. 330.

"consumer" shall have the same meaning as assigned to the term "Client" in the Rules insofar as applicable to credit agreements as defined herein;

"Consumer Credit Directive" means Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council

Directive 87/102/EEC, as may be amended from time to time;

"creditor" means a company that holds a credit institution licence issued by the Authority in accordance with article 7 of the Act, by virtue of which it is licensed or authorised to grant, or promise to grant credit;

"credit agreement" means an agreement whereby a creditor grants or promises to grant to a consumer credit in the form of a deferred payment, loan or other similar financial accommodation, except for agreements for the provision on a continuing basis of services or for the supply of goods of the same kind, where the consumer pays for such services or goods for the duration of their provision by means of instalments;

"credit intermediary" means a natural or legal person who is not acting as a creditor and who, in the course of his trade, business or profession, for a fee, which may take a pecuniary form or any other agreed form of financial consideration:

(a) presents or offers credit agreements to consumers;

(b) assists consumers by undertaking preparatory work in respect of credit agreements other than as referred to in paragraph (a); or

(c) concludes credit agreements with consumers on behalf of the creditor;

"European creditor" means a credit institution which is authorised in another Member State in accordance with the CRD and which has exercised its right to establish a branch or to provide services in Malta in accordance with the CRD;

"Financial Services Tribunal" means the tribunal established by article 21 of the Malta Financial Services Authority Act;

"Member State" shall have the same meaning as assigned to it in the Act;

"overdraft facility" means an explicit credit agreement whereby a creditor makes available to a consumer, funds which exceed the current balance in the current account of the consumer;

"overrunning" means a tacitly accepted overdraft whereby

a creditor makes available to a consumer, funds which exceed the current balance in the consumer's current account or the agreed overdraft facility;

"Rules" means the Conduct of Business Rules which may be issued by the Authority in accordance with article 4 of the Act;

"total amount of credit" means the ceiling or the total sums made available under a credit agreement.

(2) Words and expressions used in these regulations which are also used in the Consumer Credit Directive and, or the Act, but which are not defined herein, shall have the same meaning assigned to them in the said Directive and the Act.

3. (1) The Authority established by the Malta Financial Services Authority Act shall be the designated competent authority in Malta responsible for the implementation of the Consumer Credit Directive, insofar as applicable to credit institutions duly licensed by the same.

Competent authority.
Cap. 330.

(2) The Authority shall, with respect to credit agreements marketed, distributed or sold in or from Malta, monitor the compliance of creditors and credit intermediaries with the provisions of these regulations and the Rules made thereunder.

(3) For the better implementation of the Consumer Credit Directive, the Authority may exercise any of the powers assigned to it under the Act.

(4) For the better carrying out of these regulations, the Authority may, from time to time, issue and publish Conduct of Business Rules, in accordance with article 4 of the Act, and such Rules shall be binding on creditors and other persons as may be specified therein.

4. (1) These regulations shall apply to credit agreements covering credit for consumers insofar as the said credit agreements are granted or promised to be granted by creditors as defined in these regulations, and such regulations shall be read in conjunction with the Rules issued thereunder.

Applicability.

(2) Without prejudice to sub-regulation (1), these regulations and the Rules made thereunder shall not apply to credit agreements:

Exemptions.

(a) entered into before 1 October 2010, unless they are open-end credit agreements;

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(b) which are secured by a hypothec, privilege, or land registry charge, or by a right related to immovable property;

(c) the purpose of which is to acquire or retain property rights over land and or over an existing or projected building;

(d) involving a total amount of credit less than two hundred euro (€200) or more than seventy-five thousand euro (€75,000):

Provided that notwithstanding this provision, these regulations shall apply to unsecured credit agreements the purpose of which is the renovation of a residential immovable property involving a total amount of credit above seventy-five thousand euro (€75,000);

(e) relating to hiring or leasing where an obligation to purchase the object of the agreement is not stipulated either by the agreement itself or by a separate if it is so decided unilaterally by the creditor;

(f) in the form of an overdraft facility and where the credit has to be repaid within one (1) month, provided that this is without prejudice to any requirements established in the Rules for such an overdraft facility;

(g) where the credit is granted free of interest and without any other charges;

(h) under the terms of which the credit has to be repaid within three (3) months and only insignificant charges are payable;

(i) where the credit is granted by an employer to his employees as a secondary activity free of interest or at annual percentage rates of charge which are lower than those prevailing on the market, and which are not offered to the public;

(j) which are concluded with European investment firms as defined in article 2 of the Investment Services Act or with credit institutions or electronic money institutions as defined in article 2 of the Act for the purpose of allowing an investor to carry out a transaction relating to one or more of the instruments listed in the Second Schedule to the Investment Services Act, where the European investment firm or credit institution or electronic money institution granting the credit is involved in such transaction;

Cap. 370.

(k) which are the outcome of a settlement reached in court or before another statutory authority;

(l) which relate to the deferred payment, free of charge, of an existing debt;

(m) upon the conclusion of which the consumer is requested to deposit an item as security in the creditor's safe-keeping and where the liability of the consumer is strictly limited to that pledged item; and

(n) which relate to loans granted to a restricted public under a statutory provision with a general interest purpose and at lower interest rates than those prevailing on the market or free of interest or on other terms which are more favourable to the consumer than those prevailing on the market and at interest rates not higher than those prevailing on the market.

5. (1) A creditor shall take all the necessary steps to ensure full compliance with these regulations and any Rules issued thereunder. Obligation to comply with the regulations.

(2) Unless otherwise provided in these regulations and, or the Rules, the obligations of the creditor shall equally apply to a European creditor, and a credit intermediary where a credit intermediary presents or offers credit agreements to consumers, assists consumers by undertaking preparatory work in respect of credit agreements, or concludes credit agreements with consumers on behalf of the creditor.

6. (1) A European creditor who intends to or has entered into a credit agreement with a consumer in Malta, shall have access under the conditions as a creditor based in Malta, to the databases which are available in Malta in order to assess the creditworthiness of the consumer: Database access.

Provided that a request by a creditor or a European creditor for access to the said database shall not be conditioned in a discriminatory manner but may be refused by the holder of the database if the information to be provided is prohibited by any other law or is contrary to the public policy or public security of Malta.

(2) If the credit application is rejected on the basis of consultation of a database, the creditor shall inform the consumer immediately and without charge of the result of such consultation and of the particulars of the database consulted.

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(3) This regulation is without prejudice to the application of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and the Data Protection Act, as applicable.

Cap. 586.

Administrative penalties, other administrative measures and appeals.

7. (1) Without prejudice to any other power assigned to the Authority under the Act, these regulations or any other law, where a person falling within the scope of these regulations, fails to comply with any of the provisions of these regulations or any Rules issued thereunder which further implement these regulations, the Authority may, by notice in writing impose on such person an administrative penalty and other administrative measures in accordance with articles 35A and 35B of the Act, as applicable.

(2) A right of appeal to the Financial Services Tribunal shall lie from the decisions which the Authority shall take under these regulations and the provisions of article 10 of the Act shall apply *mutatis mutandis*.

Regulations shall prevail.

8. (1) The provisions of these regulations shall prevail and apply notwithstanding anything to the contrary contained in any credit agreement entered into by the consumer.

(2) Any waiver by the consumer of any of the rights granted to him by these regulations shall be null and void.

(3) The provisions of these regulations shall not be circumvented as a result of the way in which agreements are formulated, in particular by integrating drawdowns or credit agreements falling within the scope of these regulations into credit agreements, the character or purpose of which would make it possible to avoid its application.

(4) Notwithstanding any provision in the credit agreement to the effect that the applicable law to the credit agreement shall be the law of a country which is not a Member State, the protection granted by these regulations shall continue to apply where the credit agreement has a close link with the territory of Malta or of any other Member State.