Suppliment tal-Gazzetta tal-Gvern ta' Malta Nru. 21,682, 3 ta' Lulju, 2026

Taqsima B

L.N. 179 of 2026

BANKING ACT
(CAP. 371)

Banking Act (Consumer Credit) (Amendment) Regulations, 2026

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:-

Citation, scope, and commencement. S.L. 371.23.

1. (1) The title of these regulations is the Banking Act (Consumer Credit) (Amendment) Regulations, 2026 and these regulations shall be read and construed as one with the Banking Act (Consumer Credit) Regulations, hereinafter referred to as "the principal regulations".

(2) The scope of these regulations is to transpose the provisions of Directive (EU) 2023/2225 of the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing Directive 2008/48/EC, and they shall be interpreted and applied accordingly.

(3) These regulations shall come into force on 20 November 2026:

Provided that the principal regulations shall continue to apply to credit agreements entered into before 21 November 2026 until such termination thereof.

Amends regulation 2 of the principal regulations.

2. Sub-regulation (1) of regulation 2 of the principal regulations shall be amended as follows:

(a) immediately after the definition "Act" there shall be added the following new definitions:

" "advisory services" means personal recommendations made by a creditor or credit intermediary as defined herein, to a consumer, in respect of one (1) or more transactions relating to credit agreements and that constitute a separate activity from the granting of credit or from the services provided by a credit intermediary, as applicable;

"ancillary service" means a service offered to the

consumer in conjunction with the credit agreement;";

(b) the definition "creditor" shall be substituted by the following new definition:

" "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 promises to grant, credit. For the avoidance of doubt, a creditor as defined herein shall not be subject to the admission process under the Consumer Credit Intermediaries (Admission) Regulations;";

S.L. 371.24.
S.L. 376.11.

(c) the definition "credit intermediary" shall be substituted by the following new definition:

" "credit intermediary" means a natural or legal person admitted by the Authority in accordance with Consumer Credit Intermediaries (Admission) Regulations 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 or other pre-contractual administration 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;";

S.L. 371.24.
S.L. 376.11.

(d) immediately after the definition "credit intermediary" there shall be added the following new definition:

" "Credit Intermediaries Rules" means rules applicable to credit intermediaries and other persons as specified therein, which may be issued by the Authority under these regulations;";

(e) immediately after the definition "Member State" there shall be added the following new definition:

" "open-end credit agreement" means a credit agreement without a fixed duration and includes credits that shall be repaid in full within or after a period but, once

repaid, become available to be drawn down again;".

3. Regulation 3 of the principal regulations shall be amended as follows: Amends regulation 3 of the principal regulations.

(a) sub-regulation (4) thereof shall be substituted by the following new sub-regulation:

"(4) The Authority shall promote measures that support the education of consumers in relation to responsible borrowing and debt management, in relation the credit agreements. Such measures may include providing consumers with clear and general information on the credit granting process in order to guide them, in particular those who take out, particularly by means of digital tools, consumer credit for the first time.";

(b) immediately after sub-regulation (4) thereof, as substituted, there shall be added the following new sub-regulation:

"(5) 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 Credit Intermediaries Rules, and such rules shall be binding on creditors and other persons as may be specified therein.".

4. Sub-regulation (2) of regulation 4 of the principal regulations shall be substituted by the following: Amends regulation 4 of the principal regulations.

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

(a) entered into before 21 November 2026, unless they are open-end credit agreements and, or as provided otherwise in the Rules;

(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, including premises used for trade, business or profession;

(d) involving a total amount of credit of more than one hundred thousand euro (€100,000):

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 one hundred thousand euro (€100,000);

(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 agreement;

(f) 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;

(g) 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 (1) 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;

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

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

(j) 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 such pledged item;

(k) 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 favorable to the consumer than those prevailing on the market and at interest rates not higher than those prevailing on the market; and

(l) in the form of deferred debit cards:

Provided that the terms of such deferred debit cards are that the credit has to be repaid within forty (40) days and which are free of interest with only limited charges for the provision of the payment service.".

Amends regulation 5 of the principal regulations.

5. Regulation 5 of the principal regulations shall be amended as follows:

(a) sub-regulation (2) thereof shall be substituted by the following new sub-regulation:

"(2) Unless otherwise provided for in these regulations and, or the Rules, the obligations of the creditor shall apply equally to a credit intermediary.";

(b) immediately after sub-regulation (2) thereof, as substituted, there shall be added the following new sub-regulation:

"(3) A creditor or credit intermediary may be requested by the Authority to provide the necessary evidence of compliance with knowledge and competence requirements as established in these regulations, or any other regulations and Rules issued thereunder.".

Substitutes regulation 6 of the principal regulations.

6. Regulation 6 of the principal regulations shall be substituted by the following new regulation:

"Advisory services.

6. (1) A creditor shall explicitly inform the consumer, in the context of a given transaction, whether advisory services are being or may be provided to the consumer, and shall comply with any specific requirements relating to the provision of such services as established by any Rules issued thereunder.

(2) Notwithstanding the fact that advisory services may only be provided by creditors and where applicable, credit intermediaries, other persons may provide advisory services where the advisory services are provided as follows:

(a) in an incidental manner in the course of a professional activity that is regulated by legal or regulatory provisions or a code of ethics which do not exclude the provision of those services;

(b) in the context of management of existing debt by insolvency practitioners and where that management activity is regulated by legal or regulatory provisions;

(c) in the context of management of existing debt by public or voluntary providers of independent debt advisory services which do not operate on a commercial basis; or

(d) by persons that are authorised and supervised by competent authorities in other Member States.".

Adds a new regulation to the principal regulations.

7. Immediately after regulation 6 of the principal regulations, as substituted, there shall be added the following new regulation:

"Knowledge and competence requirements for staff.

6A. Creditors and credit intermediaries shall ensure that their staff possess and keep an updated and appropriate level of knowledge and competence in relation to the manufacturing, the offering and the granting of credit agreements, the carrying out of credit intermediation activities and the provision of advisory services, as well as in relation to consumer rights in the area of their trade. Where the conclusion of a credit agreement includes ancillary services, creditors and credit intermediaries shall also ensure that their staff possess the appropriate knowledge and competence in relation to such ancillary services:

Provided that the minimum knowledge and competence requirements that shall apply in this regard are established in the Schedule.".

Amends regulation 7 of the principal regulations.

8. Sub-regulation (1) of regulation 7 of the principal regulations shall be substituted by the following new sub-regulation:

"(1) Without prejudice to any other power assigned to the Authority under the Act, these regulations and, 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 under the Act, which further implement these regulations, the Authority may, by notice in writing and without recourse to a court hearing impose on such person an administrative penalty which may not exceed one hundred and fifty thousand euro (€150,000) for each breach or failure to comply, as the case may be, or any other administrative measure, as it may deem necessary.".

9. Immediately after regulation 8 of the principal regulations there shall be added the following new regulation: Adds a new regulation to the principal regulations.

"Regulations shall prevail.

9. (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.".

10. Immediately after regulation 9 of the principal regulations there shall be added the following new Schedule: Adds a new Schedule to the principal regulations.

"**SCHEDULE**
(regulation 6A)

Minimum Knowledge and Competence Requirements.

1. The minimum knowledge and competence requirements for creditors' and credit intermediaries' staff shall include an appropriate knowledge and level of competence in the following areas:

(a) credit products falling within the scope of these regulations in accordance with regulation 4(1) and the ancillary services typically offered with them;

(b) the laws related to consumer credit agreements, in particular consumer protection;

(c) in relation to over-indebtedness and consideration of the clients' future financial planning;

(d) business ethics standards, consequences resulting

from non-disclosure during the application process and consequences due to events of default;

(e) appropriate knowledge of the consumer's creditworthiness assessment process or, where applicable, competence in assessing the consumer's creditworthiness.

2. Creditors and credit intermediaries shall be responsible for ensuring compliance with the appropriate level of knowledge and competence on the basis of:

(a) professional qualifications, for example diplomas, degrees, training, competency tests; or

(b) professional experience, which may be defined as a minimum number of years working in areas related to the manufacturing, the offering and the granting of credit agreements, the carrying out of credit intermediation activities and the provision of advisory services as well as in relation to consumer rights in the area of their trade.".

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