

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

03 January 2019

**Circular addressed to Credit Institutions authorised in terms
of the Banking Act, 1994**

UPDATE: IMPOSITION OF NEGATIVE INTEREST RATES ON EURO DENOMINATED DEPOSITS

The purpose of this document is to bring to the attention of Credit Institutions authorised in terms of the Banking Act, 1994 ('**credit institutions**') the update of the [Circular on the Imposition of Negative Interest Rates on Euro denominated Deposits](#).

Credit institutions should note that the contents of the Circular relating to the imposition of negative interest rates still apply. Nevertheless, following the feedback received on the Circular, the Malta Financial Services Authority ('**MFSA**'), in consultation with the Central Bank of Malta, reconsidered the criteria established on the charge of maintenance fees on deposits held by credit institutions and decided that the deposit threshold (originally set at EURO 2.0 million or the equivalent amount in any other currency) is being reduced to EURO 1.5 million (or the equivalent amount in any other currency). Any other criteria established in the previous Circular still apply, meaning that such a fee may only be charged:

- a. to non-personal customers;
- b. subject to other possible terms and conditions to be decided by the credit institution and which would be clearly disclosed to the client in good time prior to the commencement of the depositary services being provided by the credit institution to the client in question;
- c. if it corresponds to a service being provided by the credit institution and may therefore cover any other ancillary operational costs which may be incurred in the course of providing such a service, is proportional thereto and is of a reasonable amount.

Contacts

Any queries regarding the subject matter of this circular are to be sent to the Conduct Supervisory Unit on finpro@mfsa.com.mt.

**Communications Unit
Malta Financial Services Authority
03 January 2019**