

Credit Institutions in Malta

Credit Institutions

Credit Institutions in Malta are licensed and regulated in terms of the Banking Act, Chapter 371 of the Laws of Malta. Malta's Banking Act sets out the business of banking as the business of a person who regularly "accepts deposits of money from the public withdrawable or repayable on demand or after a fixed period or after notice or who borrows or raises money from the public, in either case for the purpose of employing such money in whole or in part by lending others or otherwise investing for the account and at the risk of the person accepting such money."

Banks are referred to as credit institutions in the Banking Act. This law adopts EU Directives as the main reference for the regulatory concepts and supervisory practices that it introduced. The authority responsible for the issuing of banking licenses and the supervision of credit institutions is the Malta Financial Services Authority (MFSA). In addition to this duty, the MFSA also licenses branches of foreign institutions carrying on the business of banking in Malta. In the case of European credit institutions these are guided by the European Passport Rights for Credit Institutions Regulations 2004.

Key Features of Credit Institutions

Permitted Activities – in addition to traditional banking, banks in Malta can carry out the following activities:

- Financial leasing;
- Payment services;
- Issuing and administering means of payment (credit cards, travellers' cheques and bankers' drafts and similar instruments);
- Guarantees and commitments;
- Trading for own account or for account of customers in:
 - Money market instruments (cheques, bills, certificates of deposits and similar instruments)
 - Foreign exchange
 - Financial futures and options
 - Exchange and interest-rate instruments
 - Transferable securities
- Participation in securities issues and the provision of services related to such issues'
- Advice to undertakings on capital structure, industrial strategy and related questions and advice as well as services relating to mergers and the purchase of undertakings;
- Money broking;
- Portfolio management and advice;
- Safekeeping and administration of securities;
- Credit reference services;
- Safe custody services;
- Issuing electronic money.

Licensing Requirements

- Own funds amounting to not less than €5,000.000;
- At least two individuals to effectively direct the business of the credit institution in Malta;
- Must prove sensible conduct, fit and proper persons, and professionalism.
- Where the applicant for business is not authorised as a credit institution, either in Malta or in its own country, and is therefore not subject to supervision, the MFSA may require an active participation both by way of shareholding interest and/or by way of management by an authorised credit institution of repute.

Regulatory Fees

Application fees are one-time fees and non-refundable irrespective of whether the application is accepted or refused, the fees involved are:

- Application: €35,000;
- Annual supervision fee: Equivalent to 0.0002 of its deposit liabilities as reported at the end of the preceding year, but never less than €25,000 and not more than €1,200,000;
- Representative Office Fee payable upon establishment and in each subsequent year of €3,600.

For more information on how Zeta can assist you please contact our Business Development department on bd@zeta-financial.com.

Get in touch

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