

5 March 2020

## Circular to Credit Institutions on the Issuance of a New Banking Rule

The Authority is hereby issuing a new Banking Rule BR/22 **on “Complaints-Handling Procedures for Credit Institutions authorised under the Banking Act 1994” (hereinafter the “Rule”).**

The scope of this [new Rule](#) is to adopt the provisions in relation to credit institutions prescribed in the [Joint Guidelines by the European Security and Markets Authority and the European Banking Authority for Complaints-Handling for the securities and the banking sector \(04/10/2018 – JC 2018 35\)](#) and to provide for ancillary matters thereto.

The [new Rule](#) will be applicable to the following:

- i) credit institutions licensed under the Banking Act (Chapter 371 of the Laws of Malta);
- ii) credit institutions authorised in another Member State exercising their right to provide services or to establish a branch in Malta under the European Passport Rights for Credit Institutions Regulations and;
- iii) branches established in Malta of credit institutions authorised in a third country, insofar as such branches take deposits from the retail sector.

The main purpose of the new Rule is to provide an easily accessible platform for the consumer of credit institutions to lodge their complaints before proceeding to other judicial forums or other Alternative Dispute Resolution mechanisms. In terms of this new Rule, credit institutions are obliged to put in place a complaint management policy as well as to have a complaints management function which enables the credit institution to investigate complaints fairly and any possible conflicts of interest to be identified.

The new rule also specifies, *inter alia*, registration procedures where credit institutions need to have an adequate Register with information as specified in the new Rule. Furthermore, a new reporting requirement is being introduced for credit institutions to report complaints to the Authority upon request. In addition, other requirements include the publication of details in relation to complaints on the website, brochures, pamphlets, etc. and an internal follow-up of complaints-handling mechanism which must be introduced by credit institutions.

The Rule will also be introducing procedures for responding to complaints within specific timelines, as well as the method for credit institutions to investigate the complaints and a step by step guide as to how such complaints should be replied to and settled.

Finally, a provision is being inserted for data protection purposes when handling complaints so as to ensure the protection of personal data of consumers.

This new Rule shall come into force with immediate effect. Any queries in relation to the above should be directed to Banking Supervision (Policy Section) on [bsupolicy@mfsa.com.mt](mailto:bsupolicy@mfsa.com.mt) and/or Conduct Supervision on [conductbanking@mfsa.mt](mailto:conductbanking@mfsa.mt).

*This Circular shall not be construed as a replacement of the provisions of the new Banking Rule. The new Banking Rule shall prevail over this Circular in case of conflict.*