

# MFSA

---

## MALTA FINANCIAL SERVICES AUTHORITY

18 September 2018

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

### ***IMPOSITION OF NEGATIVE INTEREST RATES ON EURO DENOMINATED DEPOSITS***

The purpose of this Circular is to bring to the attention of Credit Institutions authorised in terms of the Banking Act, 1994 ('**credit institutions**') the position taken, by the Malta Financial Services Authority ('**MFSA**') in consultation with the Central Bank of Malta, with respect to the imposition of negative interest by Maltese credit institutions on Euro denominated deposits.

#### **Position**

Credit institutions are **not** to impose negative interest rates on Euro denominated deposits held with them by their clients, independently of the amount of such deposits held, the liquidity thereof or the type of client holding such balances.

Any credit institutions which are already imposing negative interest rates on Euro denominated accounts are to desist from this practice with immediate effect. In the case where clients are already subject to negative interest rates, the credit institutions charging such rates are hereby being given a transitional period of 3 months from the date of this Circular within which to lift the negative interest rates on Euro denominated deposits of such clients.

In order to bear any possible costs which credit institutions may incur as a result of retaining excessively high liquid balances by way of client deposits, credit institutions are not precluded from charging clients a maintenance fee, on condition that such a fee may only be charged:

- a. to non-personal customers holding excessively high liquid balances. For this purpose "*excessively high liquid balances*" shall be considered to be a deposit threshold of over EUR 2.0 million or the equivalent amount in any other currency;

- 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.

Credit institutions must inform, in writing, all clients who may be affected by the credit institution's decision to impose a maintenance fee as described above, no later than 2 months before the proposed date of the imposition of such fees, as required by Article 54(1) of [Directive \(EU\) 2015/2366](#) on payment services in the internal market. In addition, such a maintenance fee must be included in the credit institution's tariff of charges so that all clients would have access to information relating to such fees, at any moment in time.

### **Contacts**

Any queries regarding the subject matter of this circular are to be directed to the undersigned or Dr Sarah Pulis ([spulis@mfsa.com.mt](mailto:spulis@mfsa.com.mt)) or Ms Sephora Scerri ([sscerry@mfsa.com.mt](mailto:sscerri@mfsa.com.mt)) or Ms Vera Azevedo ([vazevedo@mfsa.com.mt](mailto:vazevedo@mfsa.com.mt)).

Dr Michelle Mizzi Buontempo  
Head  
Conduct Supervisory Unit

**Communications Unit**  
**Malta Financial Services Authority**  
**18 September 2018**