

Q&A - PAYMENT ACCOUNT WITH BASIC FEATURES

What are the objectives of the payment account with basic features?

The payment account with basic features was established under the Payment Accounts Directive ('PAD' or 'the Directive'), which was transposed into Maltese law through the Payment Accounts Regulations. This account has the following objectives:

- 1. Eliminate financial exclusion being experienced at EU level.** In this regard, according to Commission estimates, around 25 million EU citizens without a payment account would like one but some of them have been refused an account because of, for example, their financial situation. Others find the accounts currently offered on the market too expensive or too complex to understand.
- 2. Give to consumers the right to have access to basic payment account services, independently of their financial situation or place of residence.** It is also important to note that a consumer without a bank account can face significant practical difficulties, such as, for example, receipt of salary or social security payments. Moreover, he/she cannot make transfers or other transactions, other than cash-based ones which can result in higher costs and larger risks. However, a person wishing to open such a bank account should always comply with EU anti-money laundering requirements.
- 3. Raise awareness among EU citizens on payment accounts and payment service providers.**

What is a payment account with basic features?

A payment account with basic features is a basic bank account, for personal use, offering a set of basic banking products and services, free of charge or for a reasonable cost to all individuals.

To whom?

Mainly people legally resident in Malta or in another Member State that do not have other bank accounts in Malta.

Besides the consumers described above, persons with no fixed address, refugees, stateless persons and asylum seekers can also apply for a payment account with basic features. However,

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

banks will still require to carry out their due diligence checks as applicable according to local and European legislation.

What are the features?

A payment account with basic features allows you to:

- ✓ deposit funds;
- ✓ withdraw cash at the counters of the bank or at ATMs in Malta, Gozo and other EU Member States;
- ✓ pay by direct debits within the European Union;
- ✓ effect payments with a debit card, including online payments;
- ✓ receive and order credit transfers;
- ✓ set-up standing orders.

You can also be provided with an overdraft facility, if you request it and if the bank agrees to provide it to you.

You should have an unlimited number of operations in relation to the above-mentioned services and shall be allowed to manage and initiate payment transactions in the branches of the respective banks and via online facilities, where available.

The debit card provided in this account shall allow you to use it both locally and overseas and to purchase goods and services from either physical providers (e.g. supermarkets) or online merchants that accept debit payment cards (e.g. hotel bookings).

It is also important to highlight that:

- ✓ the above mentioned services shall be offered by banks which already offer these services to consumers holding other type of accounts;
- ✓ the opening of a payment account with basic features shall not be made conditional on the purchase of any additional services or shares in the bank, unless the latter is conditional for all customers of the banks.

Currency of the payment account with basic features

This account shall be offered, at least, in Euro, but can also be offered in the currency of any other Member State, at the sole discretion of the bank offering the account.

Can banks refuse to open it?

Yes, a bank can refuse to open a payment account with basic features if:

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

- ✓ it becomes aware that you already have a similar account with another bank located in Malta; and/or
- ✓ you do not satisfy the due diligence checks which the bank is obliged to carry out in terms of anti-money laundering and financing of terrorism legislation; and/or;
- ✓ you do not show genuine interest in opening such an account.

The term “*similar account*” mentioned above refers to an account with, at least, the features of the payment account with basic features.

However, a bank would still be required to offer a payment account with basic features to a customer having an account with another bank located in Malta if the latter has given notice in writing that the respective payment account will be closed.

Before opening an account with basic features, banks may confirm whether the consumer applying for such account has a similar account with another bank in Malta by requesting the consumer to provide a declaration to this effect or by carrying out verifications with other banks subject to the consumer’s express written consent.

Unless it is contrary to the purposes of national security, if a bank refuses to open a payment account with basic features the consumer must be informed, in writing and free of charge, of the specific reason as to why that occurred.

How long can it take to open a payment account with basic features?

After receiving the application to open this account, the bank is required to either accept or refuse the application without undue delay and no later than ten (10) business days from recorded receipt of the completed application.

What information shall the consumer receive on this account?

Banks shall make available, free of charge, information about:

- ✓ the specific features of the payment account with basic features;
- ✓ the fees, if any; and
- ✓ the conditions of use such an account.

This information shall make it clear that the purchase of additional services is not required to access such an account.

Banks providing this account shall provide detailed information on the application process of the same, including an application form and a list of the documents to be submitted with such an application.

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

This information shall be kept updated and shall be made available online and, if requested by any consumer, on a durable medium, free of charge.

Is the bank allowed to close a payment account with basic features?

Yes, a bank can close such an account if:

- i. it was deliberately used for illegal purposes;
- ii. the consumer provided incorrect information when applying for the payment account with basic features, and had the correct information been provided, the application would have been refused;

If the bank closes your account for the reasons listed above, it may close it with immediate effect, informing you in writing of the ground and justification for doing it.

- iii. there has been no transaction on the account, save for any interest debited or credited from the account, for more than twenty-four (24) consecutive months;
- iv. the consumer is no longer legally resident in Malta or in another Member State; and
- v. the consumer has subsequently opened a second payment account in Malta which allows for the use of the services included in this account.

If the bank closes the account for the three reasons listed above, it shall give you, at least, a two months' notice, free of charge and in writing, by registered mail or recorded delivered mail to your last known address. For this reason, you should always ensure that your personal information is updated in the bank.

Right to complain

If you consider that you have not been served by the bank, you have the right to lodge a complaint with the Office of the Arbiter for Financial Services. Further details including information about the Arbiter's complaint procedure are accessible from www.financialarbiter.org.mt.

Which banks are required to provide a payment account with basic features?

In Malta, banks with five or more branches are obliged to offer the payment account with basic features. Banks with four or less branches may also provide this account but are not obliged to do so. This means that, in Malta, you should find this account available at:

MFSA

MALTA FINANCIAL SERVICES AUTHORITY



For further information kindly email bpa@mfsa.com.mt or call freephone on 80074924 or +356 2548 5700 (foreign calls). You may also visit your preferred branch, check the bank's website or check the poster and leaflet below.

Communications Unit

7th December 2018