



BANK ĊENTRALI TA' MALTA
EUROSISTEMA
CENTRAL BANK OF MALTA

Public Consultation Document -
The Enhancement of the Central Bank
of Malta's Central Credit Register (CCR)
to include licensed Financial
Institutions (FIs) and Financial Vehicle
Corporations (FVCs)

APPLICABLE TO THE GENERAL PUBLIC

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Note: These proposals are not binding and are subject to changes and revisions following the feedback to be received from interested parties, and dependent on further internal considerations.

1. Preamble

The Central Bank of Malta (CBM or 'the Bank') is publishing this consultation paper to seek views on the possibility of including, within the CCR legislative framework, Maltese licensed Financial Institutions (FIs) carrying out lending activities in terms of their respective MFSA license and notified Financial Vehicle Corporations (FVCs) that grant *or* take over '*material*' amount of credit to residents. The Bank intends to introduce a materiality concept, as defined further below, to achieve an element of proportionality in terms of the regulatory requirements.

The main aim of this proposed enhancement is to give access to the Register to these institutions in conducting their credit risk assessments on their counterparties. In turn, these institutions would also enrich the Register with their credit and credit risk data to the benefit of the rest of the Register participants. Other obligations also apply.

The CBM Directive No. 14¹ entitled 'Central Credit Register' obliges the Bank, credit institutions² and the Malta Development Bank (as reporting agents) to submit information as specified in Annex I of this Directive to the Central Credit Register (CCR or 'the Register') on any existing counterparty who has end-of-month exposures³ with a balance exceeding €5,000. This non-anonymised information on existing counterparties and their exposures is securely stored in the Register. The counterparties comprise both legal and natural persons but exclude credit institutions.

Since its establishment in 2016, the Register has assisted reporting agents in better assessing the creditworthiness of their prospective counterparties⁴ prior granting any credit facilities,

¹ Central Bank of Malta Directive 14 – [Link](#).

² 'Credit institution' means a credit institution licensed in accordance with the Banking Act (Cap. 371 of the Laws of Malta) including those credit institutions, subsidiaries and branches of credit institutions exercising the freedom of establishment in accordance with the European Passport Rights for Credit Institutions Regulations (S.L. 371.11).

³ The full list of reportable exposures follows: (A) Overdrafts on current accounts, (B) Credit Cards, (C) Overdrafts and Revolving Loans, (D) Credit lines other than revolving credit, (E) Trade Receivables, (F) Financial Leases, (G) Loans, (H) Syndicated Loans, (I) Loan Commitments, (J) Financial Guarantees and (K) Other Commitments.

⁴ 'Prospective counterparty' means a natural or legal person who seeks an exposure with the Bank, a credit institution, or the Malta Development Bank with which it has no existing exposures, but shall exclude credit institutions whether licensed in Malta or abroad.

whilst monitoring existing⁵ ones. This is done since, upon consent from the data subject (as applicable), reporting agents can consult the Register to access any information held on the Register which includes credit facilities in excess of €5,000 granted by licensed credit institutions in Malta, listed under the respective individual or company.

Apart from the mentioned reporting agents, companies and individuals can also request an extract from the Register comprising their respective information which is securely stored in the Register by applying through an online form made available on the CBM's website.

Throughout the years various enhancements were implemented to continuously improve the service offered to internal and external users of the CCR. However, with new technological developments and new user requests, the need was felt to upgrade the infrastructure and certain functionalities within the solution.

2. Note for consultation

The current definitions, reporting requirements and the right to access information as per Directive No. 14 would still apply, including the definition of a reportable exposure which is defined as '...loans, advances, overdrafts, credit lines, financial guarantees or any other credit facility in any currency which, considered individually, the credit lines or the outstanding balance exceed five thousand euros (€5,000) or the equivalent in a foreign currency calculated on the basis of exchange rates published on the website of the European Central Bank'.

Participation in the CCR will be obligatory for those entities that fall within scope and the existing threshold of €5,000 per exposure will remain applicable. However, there is the possibility that such threshold could be lowered in due course, possibly over a number of distinct phases.

The Bank will review the list of participating financial institutions on a yearly basis (unless the Bank decides on a different timeline), based on counterparty residency and materiality of

⁵ 'Existing counterparty' means a natural or a legal person already having an exposure with the Bank, a credit institution, or the Malta Development Bank, but shall exclude credit institutions whether licensed in Malta or abroad.

credit granted in line with the mentioned eligibility exposure criteria. Institutions would be onboarded into the CCR Portal through their Legal Entity Identifier (LEI Code). Once onboarded, institutions will automatically remain within scope.

The CBM intends to propose the following 'materiality' definition: After excluding any intra-group and inter-financial sector exposures, a '*material*' amount of credit' is defined either: in absolute terms where it needs to surpass the €1 million threshold **OR** represent a minimum of 10% from the respective institution's portfolio, of exposures to residents out of the total exposures granted.

FIs & FVCs having passporting rights of establishment will be considered on a case-by-case basis, where consideration for inclusion will mainly be on their transactions with resident counterparties.

Where applicable, the proposed amendments would need to be reflected in the Central Bank of Malta Directive No. 14.

3. Reporting, Auditing and other obligations and applicable fees

The CBM is seeking views based on the following conditions stemming from Directive 14:

Reporting Obligations

The CBM Directive No. 14 obliges the reporting institutions to report to the Register, through a pre-defined CCR template, the end-of-month balances of exposures related to their credit operations and other related reference, credit and credit risk data attributes by the twentieth (20th) calendar day of the month following the reference month to which they relate.

Reporting agents shall be fully responsible for the correctness and completeness of the information they provide and are exclusively responsible for amending or rectifying it, on their own initiative or at the request of their counterparties or the Bank, whenever errors or omissions occur.

The information submitted by the reporting institutions will be automatically vetted and checked within the CCR Portal through a number of formal (blocking) and plausibility (integrity) checks. Formal checks verify the correctness of the dataset, while plausibility checks confirm robustness and data quality. The Portal also includes cross-checks with other administrative data sources. It is the responsibility of the reporting institutions to address the triggered checks within the stipulated timeframes. Wherever possible, submitted data are also cross-checked with other datasets also submitted by the same institutions.

Audit obligations

The legislative framework obliges reporting institutions to obtain prospective counterparty consent in line with CBM Directive No. 14 Annex II prior doing any corresponding search in the CCR Portal. The obtained consent from the data subject needs to be uploaded in the CCR Portal within one month from when it is given. Unless the counterparty becomes an existing counterparty, the Portal will automatically close-off any access to the information after two months from when the consent form is uploaded in the Portal. On the other hand, reporting agents' access to information held on the Register over existing counterparties shall be made available whenever required.

CCR consent forms uploaded by all current and prospective reporting institutions are subject to a mandatory monthly audit exercise done by the Bank. Reporting institutions would be queried and requested to rectify if any of the uploaded consent forms are not filled in, in line with CBM Directive No. 14 expectations. Moreover, on a yearly basis, CCR reporting institutions which uploaded the consent forms would need to appoint an internal/external auditor to authenticate a number of signatures on a sample of consent forms compiled and provided by the Bank.

Token allocation and applicable fees

As per Directive No. 14, CCR participants shall be charged an annual fee in respect of each official, as authorised by the Bank, to access the Register. The fee is calculated on a cost recovery basis. This requires that the reporting institution assigns a minimum of one token holder to be given a non-transferable token (credentials can be used solely by the authorised token holder) to be able to access the CCR Portal. The current cost per token is €2,550 yearly

but this amount will be recalculated on a cost recovery basis with the launch of the revamped CCR, and the costs are very likely to increase.

Other Obligations

The licenced FIs and notified FVCs would be obliged to inform counterparties that the information, including personal data, in relation to any exposure, will be made available in the said Register for the purposes of CBM Directive No. 14, and may also be shared with licenced credit reference agencies for the issuance of credit scores in accordance with Article 24A of the CBM Act and Directive No. 15. All reporting institutions shall only use information held in the Register for the assessment of credit risk and shall not: (i) outsource any of their activities for the extraction of data held on the Register unless the outsourced service provider is recognised by the Bank in writing; (ii) store credit register extracted information in another jurisdiction, under cloud computing arrangements or in any externally hosted systems without the prior approval of the Bank.

Technological Expectations

The current procedure used in uploading CCR data in the dedicated web portal is not expected to be changed. Hence, authorised token holders would need to log in the CCR portal through a (whitelisted IP address and a two-factor authentication) log in process and subsequently upload the filled in CCR template available in excel format. However, the Bank is looking at the possibility of automating the CCR data extraction process.

Currently, the procedure to retrieve data from the CCR Portal is manually done through the single search functionality. The authorised token holder would need to log into the CCR Portal through the assigned credentials and key in the Identifier of the counterparty upon which the search needs to be done. If the counterparty is a prospective one, a PDF file containing the consent form would also need to be uploaded in the CCR Portal. The Portal will then provide a CCR extract in different file formats (Excel, PDF and Word). This process is repeated for each search.

As part of the revamped CCR, the Bank is looking into automating this process and interested parties are requested to put forward their technological expectations on how the process is

expected to be automated whilst keeping the necessary data confidentiality safeguards (including the consent form as applicable) in place.

4. Main consultation questions

The Bank is reaching out to interested parties for their views on the following questions after taking into account the aforementioned benefits, obligations and applicable fees:

- a. Whether respondents agree on the Bank's proposal to include FIs and FVCs offering *material credit*, as defined above, to resident natural and legal persons within the CCR legislative framework as explained throughout this document;
- b. Whether entities, within scope of being included, consider the CCR as an essential tool or otherwise for their credit risk assessment purposes. Please provide reasoning for the given reply;
- c. To put forward the technological expectations in automating the data extraction process;
- d. To put forward any feedback deemed necessary as a reply for this public consultation.

5. Conclusion

The Bank invites all licensed FIs, notified FVCs and other interested parties to submit their feedback on the above main consultation questions by email to ccr@centralbankmalta.org by not later than **28 March 2025** (c.o.b). Any comments submitted after this deadline or submitted via other means may not be considered.

Any queries in relation to the above may also be addressed to ccr@centralbankmalta.org

Any updates in relation to this public consultation will be made available on the Bank's website once the consultation is closed.