

6. MONETARY AND FINANCIAL DEVELOPMENTS

According to the Bank's FCI, in the second quarter of 2025, financing conditions were less loose compared to the previous quarter and a year earlier.

In June 2025, Maltese residents' deposits with MFIs in Malta increased from their year-ago level, reflecting higher balances belonging to both households and NFCs.¹ The annual rate of change exceeded marginally that recorded in March. Credit to Maltese residents grew at a slower pace, reflecting slower growth in credit to residents outside general government.

The weighted average interest rate on outstanding deposits and outstanding loans, both stood below their respective level a year earlier. The spread between the two rates narrowed over this period.

In June, the primary market yield on Treasury bills declined from that prevailing three months earlier. Meanwhile, secondary market yields on five and ten-year MGS also fell. As the decline in the domestic ten-year yield was less pronounced than that in the corresponding euro area benchmark, the spread between the two widened. Domestic share prices fell between March and June but were higher compared with a year earlier.

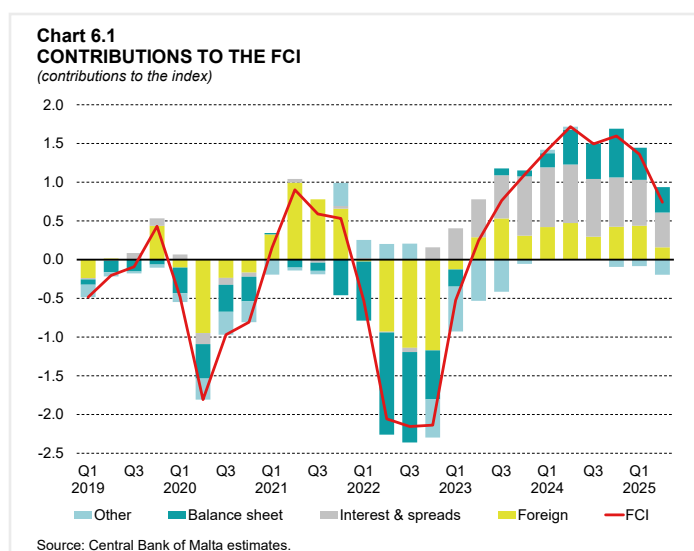
Monetary and financial conditions

Financial conditions remain loose²

In the second quarter of 2025, the Bank's FCI continued to signal loose financial conditions from a historical perspective. Compared with the previous quarter, though, conditions were less favourable (see Chart 6.1).

The smaller loosening signal during the quarter under review was mainly driven by foreign factors, notably higher uncertainty as measured by the ECB's Composite Indicator of Systemic Stress and euro-area equity prices, which fell during the quarter in question. Domestic factors also signalled marginally less favourable conditions compared to the previous quarter.

The decrease in the contribution of domestic factors was spread across all three main components. The contribution of the 'interest and spreads' component and the 'balance sheet' component, became less positive. The decline in the former was mainly driven by a



¹ Monetary data analysed in this chapter are compiled on the basis of the statistical standards found in the Statistics section of the Bank's website.

² This index is composed of various financial indicators, which are available at a high frequency. This section is based on quarterly averages for each indicator.

lower positive contribution from the lending-to-policy rate spread and deposit interest rates. For the 'balance sheet' component, the lower positive contribution is driven by real credit.

Similarly, the 'other' component signals more unfavourable conditions, driven by a sequence of declines in issues of NFC securities, which pushed the contribution further into negative territory.

Compared with the second quarter of 2024, financial conditions were substantially less favourable. This shift is visible in all components, although the largest movements occurred in foreign factors and in the 'interest and spread' component. The former was mainly affected by movements in equity prices while the decrease in the latter reflected mostly developments in the lending to policy rate spread.

Maltese residents' deposits increase at a faster rate

Total deposits held by Maltese residents with MFIs in Malta increased by 7.9% in the year to June, a marginally faster rate than that of 7.8% observed in the year to March (see Table 6.1).

Over the 12 months to June, the Maltese residents' overnight deposits, which are the most liquid component, grew by 8.2%, from 6.2% in March (see Chart 6.2). The latest increase was driven by balances held by households and NFCs. The share of overnight deposits in total deposits increased to 84.4% in June, compared to 83.6% three months prior.

Table 6.1
DEPOSITS OF MALTESE RESIDENTS

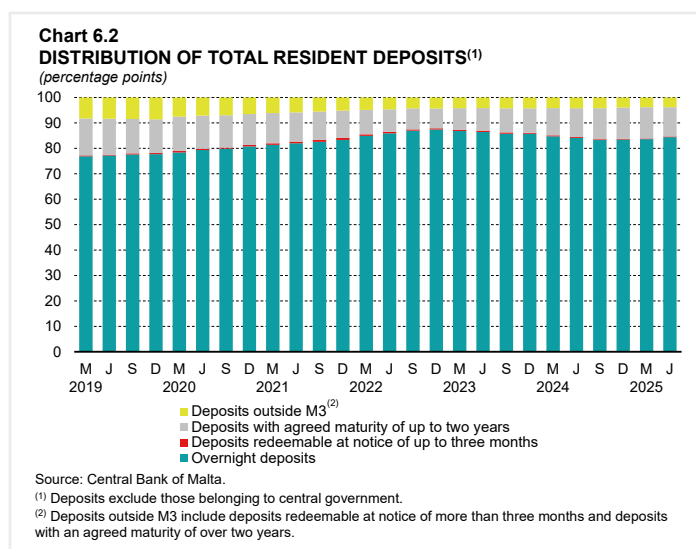
	EUR millions	Annual percentage changes				
		2025 June	2024 June	Sep.	Dec.	2025 Mar. June
Overnight deposits	21,990	0.0	2.8	4.7	6.2	8.2
<i>of which</i>						
Households	15,846	2.3	3.8	4.2	7.6	9.6
NFCs	3,608	-2.6	4.0	13.9	7.0	9.6
Deposits redeemable at notice of up to three months	76	-33.4	-43.2	-16.8	-10.6	-3.7
<i>of which</i>						
Households	3	-99.3	-98.0	1,202.6	2,039.6	878.4
NFCs	50	23.0	-7.5	-19.7	-34.0	-18.4
Deposits with an agreed maturity of up to two years	2,994	30.7	35.4	37.4	24.6	9.9
<i>of which</i>						
Households	2,285	30.7	35.2	34.4	21.4	7.6
NFCs	344	45.1	52.1	62.6	35.5	8.5
Deposits outside M3⁽¹⁾	992	2.9	3.9	-0.3	-1.8	-1.9
<i>of which</i>						
Households	892	-3.1	-1.6	-2.4	-1.2	-1.1
NFCs	30	5.7	31.3	-9.4	-15.9	-11.2
Total residents deposits⁽²⁾	26,053	2.7	5.7	7.6	7.8	7.9
<i>of which</i>						
Households	19,026	4.5	6.5	7.1	8.8	8.8
NFCs	4,033	0.6	6.8	16.2	8.3	8.9

Source: Central Bank of Malta.

⁽¹⁾ Deposits outside M3 include deposits redeemable at notice of more than three months and deposits with an agreed maturity of over two years.

⁽²⁾ Total residents deposits exclude deposits belonging to Central Government.

Deposits with an agreed maturity of up to two years, grew by 9.9% in annual terms, after increasing by around a fourth in the year to March. This profile is affected by a sequence of month-on-month declines in level terms that started in March 2025. Their share in overall deposits decreased to 11.5%, from 12.3% three months prior. This relative moderation in growth reflects the fact that fixed deposits are becoming less attractive following recent cuts in the ECB policy rate.



Deposits with an agreed maturity of up to three months (the smaller component) continued to decline, albeit at a slower pace, while their share of total deposits remained unchanged at 0.3%.

Meanwhile, deposits classified outside M3, which are mainly composed of deposits with agreed maturity of over two years, decreased by 1.9% during the 12 months to June, following a decrease of 1.8% three months earlier. Their share in total resident deposits remained unchanged at 3.8%.

Credit to residents grows at a slower pace

The annual rate of change of credit to Maltese residents moderated to 8.2% in June, from 8.5% in March. This reflects slower growth in lending outside general government (see Table 6.2 and Chart 6.3).

By contrast, credit to general government grew faster, with the annual growth rate reaching 12.0% in June, following a growth rate of 11.3% over the year to March. MFI holdings of MGS increased at a faster pace.

Table 6.2
MFI CREDIT TO MALTESE RESIDENTS

	EUR millions	Annual percentage changes				
		2024		2025		
		June	Sep.	Dec.	Mar.	June
Credit to general government	5,462	8.0	8.4	10.8	11.3	12.0
Credit to residents outside general government	16,253	7.9	7.1	6.6	7.6	7.0
Securities and equity	279	-4.7	-7.7	-5.0	-4.8	-8.2
Loans	15,974	8.2	7.4	6.9	7.9	7.3
<i>of which:</i>						
Loans to households	9,533	9.1	9.5	9.2	9.2	9.1
Mortgages	8,799	8.8	9.4	9.2	9.1	9.2
Consumer credit and other lending	734	13.4	10.8	8.8	10.2	8.4
Loans to NFCs ⁽¹⁾	5,274	6.3	3.0	2.2	4.7	3.7
Total credit to residents	21,715	7.9	7.4	7.7	8.5	8.2

Source: Central Bank of Malta.

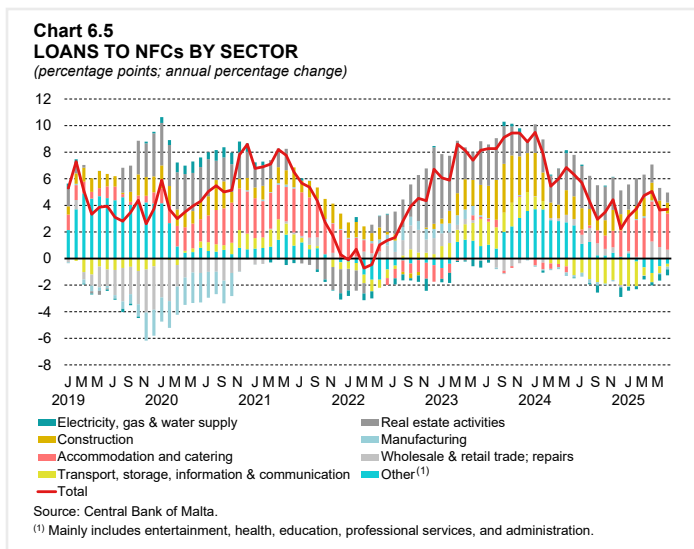
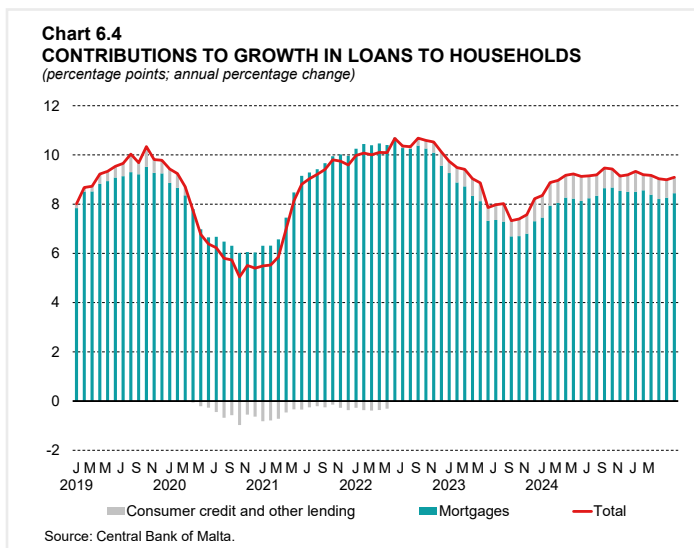
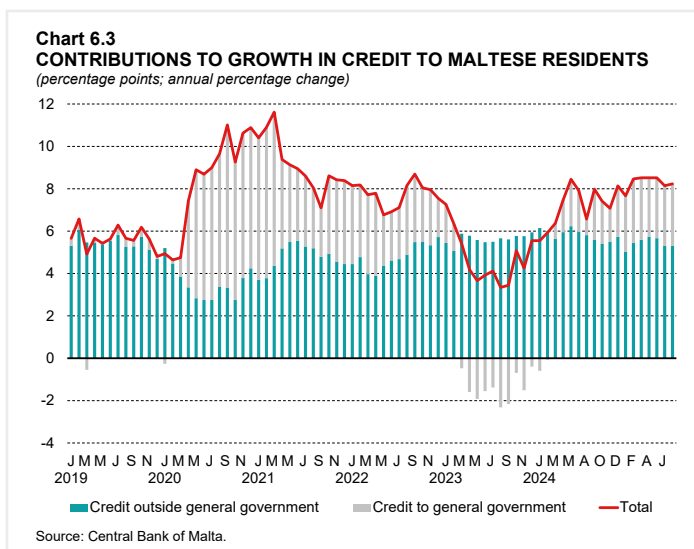
⁽¹⁾ NFCs include sole proprietors and non-profit institutions serving households (NPISH).

The annual growth of credit to residents outside general government moderated to 7.0%, from 7.6% three months prior. This mainly reflects a weaker pace of growth in loans to the private sector, although a larger contraction in MFI holdings of securities issued by this sector also contributed.

Annual growth in loans to households moderated to 9.1%, compared to 9.2% three months earlier (see Chart 6.4). This is driven by slower growth in consumer credit and 'other lending', which grew by 8.4% following an increase of 10.2% in the year to March. Growth in mortgage lending marginally increased to 9.2%, from 9.1% three months prior.

Meanwhile, loans to NFCs also rose at a slower pace. These grew at an annual rate of 3.7%, following 4.7% growth three months earlier (see Chart 6.5).

Sectoral data show that in absolute terms, the increase in loans to NFCs in the year to June, was largely driven by increased lending to the accommodation and food services sector. Lending to the construction sector and the real estate sector also increased. A slightly smaller increase in lending was also reported within the trade and repairs sector. These increases offset decreases in credit to a number of other sectors, including the energy sector, the manufacturing sector, and the sector comprising information, communication, transport and storage.



Financial accounts data show that the share of bank lending in total NFC debt in June 2025, increased to 14.5%, compared to 14.4% in March, but lower than 14.6% recorded a year earlier (see Chart 6.6).

The share of intra-sectoral lending in total NFC debt remained unchanged from the first quarter of 2025, at 58.4%. This component continued to account for most of NFCs external financing.

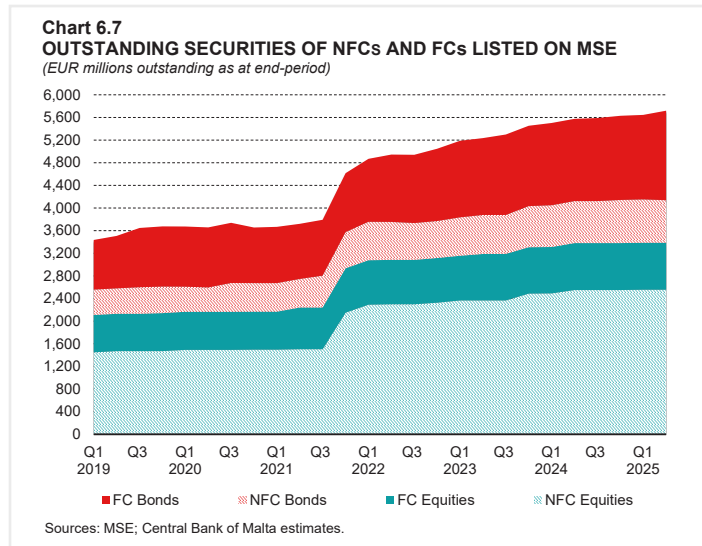
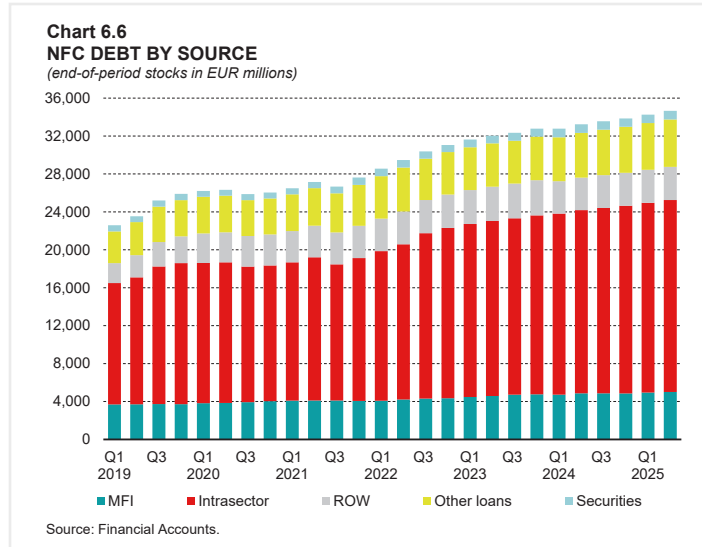
The share of debt financing sourced from non-residents moderated to 10.1%, from 10.2% in March. However, its share has decreased from a year earlier, which stood at 10.3%. Meanwhile, the share of ‘other loans’ remained unchanged during the quarter, at 14.4%. This component largely reflects loans from financial institutions other than MFIs and households.

The share of securities remained unchanged from three months earlier, at 2.6%, but marginally lower than the 2.7% recorded a year prior.

Stock of listed securities of NFCs and financial corporations (FCs) increases

By June 2025, around €2,334.6 million in outstanding corporate debt securities were listed on the MSE, 6.3% higher than the amount listed a year earlier (see Chart 6.7).³ 67.7% of this amount was issued by financial entities other than credit institutions.

Meanwhile, the outstanding amount of equity listed by NFCs and FCs on the MSE increased by 0.2% in annual terms, to reach €3.384.4 million. Over three fourths of this volume was issued by NFCs, with FCs playing a secondary role. The increase over the year to June, was mostly driven by NFCs that operated within the



³ MSE data may differ from financial accounts data due to differences in valuation methodology and coverage. In particular, financial accounts data are at market value and include both listed and privately-placed securities. MSE data on corporates presented in Chart 6.7 are based on the official MSE list and thus exclude securities listed through Prospects. Chart 6.7 includes data on NFCs and FCs other than MFIs.

information technology sector. The total outstanding listed equity as of June 2025, exceeded that of bonds by 45.0%.⁴

Spread between deposit and lending rate on outstanding amounts narrows

The weighted average deposit rate on outstanding balances belonging to households and NFCs decreased by 4 basis points since June 2024, to reach 0.33% (see Table 6.3). This was largely driven by lower remuneration on time deposits with agreed maturity of up to two years.

At the same time, the weighted average lending rate paid by households and NFCs on outstanding loans decreased by 21 basis points to 3.30%. This decrease reflected lower rates charted to both NFCs and households, with the decrease to NFCs being more significant at around 32 basis points. Rates charged to households decreased by 11 basis points, with the rate on mortgage lending decreasing by 12 basis points, while the rate on consumer credit and other lending remained unchanged from the previous year.

The spread between the weighted average lending rate and the deposit rate on outstanding balances in June closed at 297 basis points. This was lower than the spread of 314 points recorded a year earlier.

Table 6.3

INTEREST RATES ON DEPOSITS AND LOANS

Percentages per annum to residents of Malta; weighted average rates as at end of period

	2022	2023	2024	2024		2025	
	June	June	June	Sep.	Dec.	Mar.	June
Total deposits⁽¹⁾	0.15	0.24	0.37	0.40	0.39	0.37	0.33
<i>of which</i>							
Overnight deposits							
Households	0.02	0.04	0.05	0.05	0.05	0.05	0.05
NFCs	0.03	0.07	0.12	0.10	0.05	0.08	0.03
Savings deposits redeemable at notice							
Households	0.38	0.15	0.30	0.28	0.18	0.16	0.22
NFCs	0.08	0.72	0.60	0.57	0.73	0.30	0.32
Time deposits (less than two years)							
Households	0.49	1.32	2.07	2.15	2.17	2.04	1.87
NFCs	0.45	1.15	1.80	2.26	2.18	1.79	1.50
Time deposits (more than two years)							
Households	1.78	1.76	1.89	1.98	2.07	2.11	2.12
NFCs	1.36	1.26	1.38	1.92	1.81	1.84	1.88
Total loans⁽¹⁾	3.18	3.58	3.51	3.41	3.36	3.29	3.30
<i>of which</i>							
Households and NPISH	2.95	2.90	2.81	2.75	2.75	2.72	2.70
NFCs	3.59	4.87	4.81	4.69	4.54	4.41	4.49
Spread⁽²⁾	3.03	3.34	3.14	3.01	2.97	2.92	2.97
Memo Item: ECB's DFR	-0.50	3.50	3.75	3.50	3.00	2.50	2.00

Source: Central Bank of Malta.

⁽¹⁾ Annualised agreed rates on outstanding euro-denominated amounts belonging to households (incl. NPISH) and NFCs.

⁽²⁾ Difference between composite lending rate and composite deposit rate.

⁴ Apart from the official MSE platform, small and medium-sized enterprises can also obtain finance through the specifically-g geared platform – Prospects.

During the year to June, both the deposit rate offered on new balances held by households and NFCs in Malta, and the lending rate of these sectors decreased. By June, the weighted average deposit rate for households and NFCs decreased to 1.92%, while their lending rate decreased to 3.04%. At 112 basis points, the spread between the two rates widened compared to a year earlier.

Compared to the first quarter of 2025, interest rates on outstanding deposits with MFIs decreased by 4 basis points, while the rate on outstanding loans increased by 1 basis point. As a result, the spread between the two rates widened by 5 basis points.

The Bank Lending Survey (BLS) indicates unchanged credit standards, terms and conditions in the second quarter

According to the July BLS, in the second quarter of 2025 all participating banks reported unchanged credit standards, terms and conditions for lending to NFCs, and lending to households. For the third quarter of 2025, no changes were expected for all types of credit.

As regards demand, surveyed banks did not report changes for household loans for the second quarter. Demand for the different types of household credit was also expected to remain unchanged in the third quarter of 2025. In the case of credit to NFCs, half of the participating banks reported a rise in demand in the second quarter, and some increase was also expected in the third quarter.

The July BLS also posed ad hoc questions on changes in banks' access to wholesale and retail funding, and in their risk transfer capacity as a result of the prevailing situation in financial markets. No impacts were reported as regards access to retail funding, interbank unsecured money markets, securitisation, and the ability to transfer risks off balance sheet in the preceding three months. Most banks also reported access to debt securities to have remained unchanged. For the third quarter, the majority of banks similarly expected no changes.

The majority of participating banks claimed that their non-performing loan (NPL) ratio and other indicators of credit quality had not affected their lending policies in the preceding six-month period and expected no effects in the six months ahead.

Respondent banks were also asked to state how their credit standards, terms and conditions on new loans, and demand for loans have changed across the main sectors of economic activity – namely manufacturing, construction, services, wholesale and retail trade, and real estate. All banks reported no change in credit standards and terms and conditions in the past six months. They were also foreseeing no changes in the next six months for all the five sectors. With regards to demand for loans, the majority reported no changes in demand, with only some isolated cases of increased demand in commercial and residential real estate. Banks also expected demand to remain basically unchanged in the next six months.

Participating banks were also asked whether climate-related risks and measures to cope with it have led to changes in the bank's credit standards, terms and conditions and demand for loans to enterprises. The majority of banks reported no changes in credit standards and terms and conditions. However, there were some isolated cases of easing for green firms in the 12 months preceding the survey and some tightening in the case of brown firms.⁵ These scenarios were expected to persist

⁵ The BLS uses the following terms: "Green firms" – Firms that do not contribute or contribute little to climate change; "Firms in transition" – Firms that contribute to climate change, which are making considerable progress in the transition; "Brown firms" – Firms that highly contribute to climate change, which have not yet started or have so far made only little progress in the transition.

in the following 12 months. Turning to demand for loans, most banks reported no changes due to climate change, and were not expecting any changes in the coming 12 months.

When asked if climate-related risks and measures to cope with it led to changes in their credit standards, terms and conditions for house loans, most banks reported no changes and were neither expecting any changes in the 12 months following the survey. In the case of demand for loans, half of the surveyed banks reported some increase in demand for loans for residential buildings with high energy performance.

Finally, when asked whether the change in banks' excess liquidity held with the Eurosystem had led to a change in their bank's lending conditions and loan volumes, all banks reported no changes. For the next six months, the situation was expected to remain the same.

The money market

During the second quarter of 2025, the Government issued €563.3 million in Treasury bills, €161.5 million more than the amount issued in the first quarter of 2025 and €102.0 million more compared with the amount issued a year earlier.

In the domestic primary market, the yield on three-month Treasury bills declined to 2.00% by the end of June, from 2.41% at end-March.

The capital market

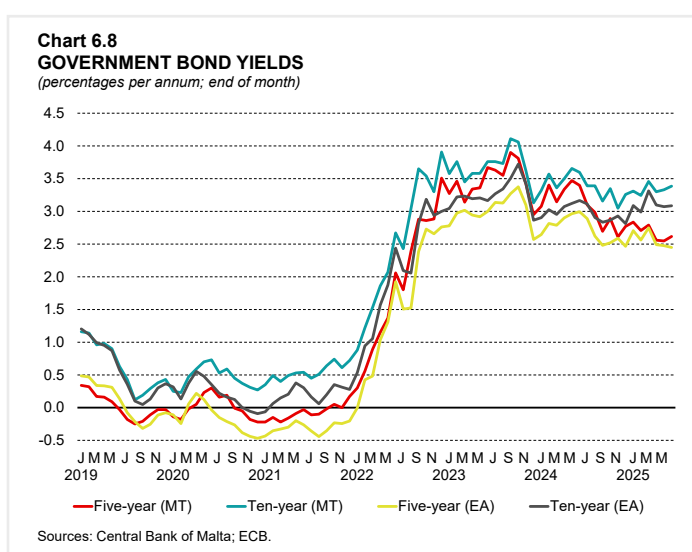
There were no new MGS issues in the second quarter of 2025.

Three private sector institutions launched new bond issues on the MSE totalling €90.0 million. GPH Malta Finance plc issued €15.0 million in unsecured bonds, while JD Capital plc issued secured bonds worth €40.0 million. MM Star Malta Finance plc issued €35.0 million in secured callable bonds.

By the end of June, 18 firms had bonds that were listed on the MSE through Prospects, an unchanged number compared with three months earlier.⁶

In the secondary market, turnover in government bonds increased to €56.9 million, from €50.9 million in the first quarter of 2025. Turnover in corporate bonds also increased, rising to €32.5 million from €30.4 million, previously.

The yield on five-year Government bonds fell to 2.62% at the end of June, from 2.79% three months earlier (see Chart 6.8). The yield on ten-year bonds also decreased, to reach 3.39% from 3.46% in March. Meanwhile, the euro area benchmark yield on



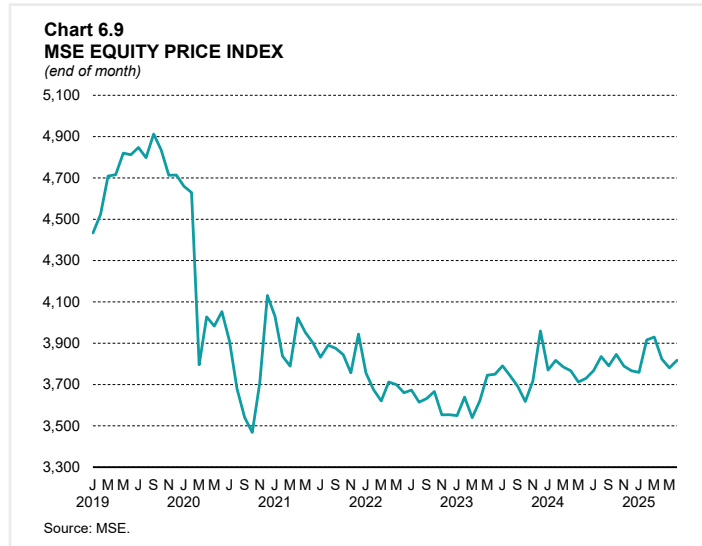
⁶ Prospects is a multi-lateral trading facility operated by the MSE with the aim of facilitating access to capital markets for SMEs.

five-year bonds also declined to reach 2.45% from 2.75%, and the ten-year rate decreased to 3.08% from 3.31%. As the decline in the domestic ten-year yield was smaller than that in the euro area benchmark, the spread between the two widened to 30 basis points from 14 basis points in March.

MSE Equity Price Index declined during the quarter

Share prices in Malta fell during the second quarter of 2025. The MSE Equity Price Index ended the quarter 2.9% below its level at end-March but was 2.3% higher than its reading a year earlier (see Chart 6.9). The MSE Equity Total Return Index, which accounts for changes in equity prices and dividends, fell marginally by 0.1% since end-March but gained 7.4% compared to a year earlier.

Equity turnover increased to €13.0 million during the second quarter of 2025, from €12.6 million in the previous quarter.



BOX 3: AN ANALYSIS OF CREDIT TRANSFERS IN MALTA – 2024^{1,2}

Introduction

The following is an analysis of credit transfers as reported by the credit, e-money and payment institutions registered in Malta. The term credit transfer is here defined as a payment service which allows the payer to instruct the institution holding its account to transfer funds to the indicated beneficiary.

This analysis will cover credit transfers data as reported by local licensed institutions, for the years 2020 to 2024, to the Central Bank of Malta. The analysis includes credit transfers initiated in a paper-based form and those initiated electronically, where the latter further distinguishes between those performed online, through ATMs, and mobile payment solutions. In addition to this, electronic credit transfers include further granular data between those initiated remotely and non-remotely, distinguishing between Single Euro Payments Area (SEPA) credit transfers (SCTs), SEPA Inst credit transfers (SCT Inst), and non-SEPA transactions.

The report also includes comparisons between 2024 data and previous years for both volumes and values of credit transfers sent (outgoing) locally (Malta) and to cross border countries. It is worth noting that data on credit transfers for 2020 and 2021 was collected through reporting templates under the ECB Regulation on Payment Statistics ECB/2013/43, while data for 2022 and thereafter reflects the revised ECB Regulation ECB/2020/59 on Payment Statistics. The reporting templates for the latter provide further breakdown of credit transfers data.

Credit transfers SENT

Table 3a outlines the total annual volumes of outgoing credit transfers within Malta and cross-border, as reported by credit and financial institutions for the period 2020 to 2024. The data comprises total credit transfers, including both those initiated in paper-based form and those initiated electronically.

As can be observed in Table 3a, the yearly total volume of credit transfers sent locally and abroad have been increasing from a volume of 15.5 million transactions in 2020 to 21.0 million transactions in 2024. However, this increase was driven by cross-border transaction which more than tripled from 2.5 million in 2020 to 9.1 million in 2024. This increase in cross-border transfers could partly reflect the proliferation of new financial institutions that were licensed to operate in Malta, with passporting rights to provide their services to other European countries. Furthermore, the rise in cross-border transactions may also reflect the rise of inward migration to Malta to take up employment, hence giving rise to remittances to their home country.

¹ Prepared by Victoria Briffa, Senior Payments Policy and Compliance Officer within the Payments Policy & Compliance Office of the Bank. The author would like to thank Gianella Azzopardi, Principal Expert within the Payments Policy & Compliance Office for her valid contribution. The author would also like to show her appreciation to Alexander Demarco, Deputy Governor and Kirsten Ellul, Manager Payments Policy and Compliance Office for their comments and suggestions. The views expressed in this article represent those of the author and do not necessarily reflect those of the Central Bank of Malta. Any errors are the author's own.

² Data as from 2022 is subject to change and revision.

Table 3a
TOTAL VOLUME OF CREDIT TRANSFERS SENT AS REPORTED BY
CREDIT AND FINANCIAL INSTITUTIONS

Millions

	Total	Local	Cross border
2020	15.5	13.0	2.5
2021	19.1	15.8	3.3
2022	15.8	11.7	4.1
2023	18.2	11.6	6.6
2024	21.0	11.9	9.1

Source: Central Bank of Malta.

By contrast, local credit transfers declined after the end of the pandemic, increasing by just 1.7% between 2022 and 2024. The limited growth in internal credit transfers may in part be the fees associated with such transactions that may be limiting their appeal. As a result, the share of local credit transfers in the total shrank from almost 83.9% in 2020, to 56.7% by 2024, while that of cross-border transactions increased from 16.1% to 43.3% for the same period.

The corresponding yearly values of outward credit transfers reported by the credit and financial institutions are outlined in Table 3b. As can be noted, both local and cross border credit transfers generally increased steadily between 2020 and 2024 by 53.2% and 44.7%, respectively, partly reflecting the effects of inflation over time. While in terms of volumes, as highlighted earlier, there was a strong upward trend in the share of cross-border transactions, in terms of value the share of cross-border transactions declined marginally from 59.0% to 57.6%, meaning that the share of local credit transfers increased by 1.4 percentage points between 2020 and 2024.

These developments show that in terms of average value per local credit transfer increased from €2,153.85 in 2020 to €3,605.04 by 2024. This represents a significant increase of 67.4%, although comparing with 2020, which was the height of the pandemic,

Table 3b
TOTAL VALUE OF CREDIT TRANSFERS SENT AS REPORTED BY
CREDIT AND FINANCIAL INSTITUTIONS

EUR billions

	Total	Local	Cross border
2020	68.3	28.0	40.3
2021	81.7	33.7	48.0
2022	85.1	39.4	45.7
2023	89.2	39.8	49.4
2024	101.2	42.9	58.3

Source: Central Bank of Malta.

is likely to be impacting upwards such growth. Indeed, the average value per local credit transfer increased by just 7.1% between 2022 (after the end of the pandemic) and 2024. By contrast, the average value per cross-border credit transfer was more than halved between 2020 and 2024 from €16,120.00 to €6,406.59. This sharp drop is likely to reflect that the rise in volumes over the past four years has been more dominated by migrant remittances, where values tend to be lower as increased migration from third country nationals was more channelled to jobs requiring lower skill levels.

Credit transfers initiated electronically and in paper-based form

The total reported volumes and values of credit transfers are further split by those effected electronically and those effected through paper-based form, with the former method accounting for 98.8% and 91.1% in volume and value terms respectively over total outward credit transfers. Transactions that are initiated electronically include (a) submissions through file/batch and (b) those effected on a single payment basis. Moreover, those initiated via single payment basis method include those effected through online banking, at ATMs with a credit transfer function, and through mobile payment solutions. It transpires that the bulk of transactions are effected through online banking, accounting for 46.1% and 73.7% in volume and value respectively of all electronic credit transfers.

Table 3c outlines the volumes and values of the total outgoing credit transfers that were initiated electronically for the years under review 2020 to 2024. As shown in the table below, the total volume of electronic credit transfers for the last five years amounts to 87.8 million transactions, whilst the total value amounts to €378.8 billion.

As can be noted, the volume of electronic transactions increased by over a third from 15.2 million transactions in 2020 to 20.8 million transactions in 2024. Similarly, the corresponding values show a consistent upward trend, rising by 55.2% to €92.2 billion.

The average value per electronic credit transfer increased by almost a quarter between the pandemic period of 2020-2021 and 2022, but thereafter declined by 7.5%, stabilising at around just over €4,400.

As mentioned earlier, electronic credit transfers can be effected on a single payment basis or in a batch file. Regarding payments carried out on a single payment basis, the latter

Table 3c
VOLUMES AND VALUES OF OUTWARD CREDIT TRANSFERS INITIATED ELECTRONICALLY (LOCAL AND CROSS BORDER)

	2020	2021	2022	2023	2024
Volume (<i>millions</i>)	15.2	18.4	15.5	17.9	20.8
Value (<i>EUR billions</i>)	59.4	73.2	74.4	79.7	92.2
Average value per transaction (<i>EUR actual</i>)	3,915	3,968	4,809	4,446	4,438

Source: Central Bank of Malta.

includes those initiated through online banking, at ATMs with a credit transfer function and through mobile payment solutions. Online banking is accessed via web browsers or the mobile online banking app of a payment service provider, whilst ATMs with a credit transfer function allow authorised users to settle payments, such as utility bills. The mobile payment solution component includes remotely initiated transactions via digital wallets and P2P mobile payment solutions. Such granular information is not available for 2020 and 2021 as these initiation methods are captured under the new regulation for payment statistics. Therefore, only data between 2022 and 2024 is being analysed.

As outlined in Table 3d, it is evident that single payment online banking credit transfers accounted for the highest volume and value of credit transfers, both cross border and within Malta, with both categories registering substantial increases. In fact, the volume increased by just over 45% from 6.6 million transactions in 2022 to 9.6 million transactions in 2024. Similarly, the corresponding values increased from €55.9 billion to €67.9 billion, though at 21.5%, the rate of increase was slightly less than half that of transaction volumes. Consequently, the average value per credit transfer decreased from €8,471 in 2022 to €7,095 in 2024, meaning that customers effected lesser valued transactions through this payment channel.

Table 3d
CREDIT TRANSFERS IN ELECTRONIC FORM, ON A SINGLE PAYMENT BASIS
INITIATED VIA ONLINE BANKING, MOBILE PAYMENT SOLUTION AND AT
ATM TERMINALS 2022-2024

Actual figures

ONLINE BANKING BASED CREDIT TRANSFERS	2022	2023	2024
Volume (Total)	6,599,525	7,388,996	9,574,911
Value (Total) (EUR)	55,905,225,351	59,280,934,996	67,937,619,333
Volume (Local)	4,706,399	4,538,386	4,699,821
Value (Local) (EUR)	21,209,756,592	21,578,906,927	23,508,756,483
Volume (Cross border)	1,893,126	2,850,610	4,875,090
Value (Cross border) (EUR)	34,695,468,759	37,702,028,068	44,428,862,850
MOBILE PAYMENT SOLUTION	2022	2023	2024
Volume (Total)	1,771,844	3,323,791	3,775,907
Value (Total) (EUR)	260,819,006	896,173,276	2,550,085,357
Volume (Local)	77,732	112,984	135,594
Value (Local) (EUR)	40,933,334	86,782,456	198,266,808
Volume (Cross border)	1,694,112	3,210,807	3,640,313
Value (Cross border) (EUR)	219,885,672	809,390,820	2,351,818,548
ATM TERMINAL	2022	2023	2024
Volume (Total)	12,281	10,723	9,912
Value (Total) (EUR)	5,112,733	4,586,616	4,317,880
Volume (Local)	12,281	10,723	9,912
Value (Local) (EUR)	5,112,733	4,586,616	4,317,880
Volume (Cross border)	0	0	0
Value (Cross border) (EUR)	0	0	0

Source: Central Bank of Malta.

However, there were clear diverging trends between local and cross-border transactions. While the average value of single-payment online banking local credit transfers increased by 11% from €4,507 to €5,002 between 2022 and 2024, that for cross-border transactions declined by just over 50% to €9,113, reflecting the effects of the rise in migration.

Data for transactions effected through mobile payment solutions depict a lower take up than online transactions. However, a considerable increase is noted between 2022 and 2024. Mobile payment technology allows users to make transactions digitally through mobile devices (e.g., smartphones and tablets) using methods such as near-field communication (NFC), quick response (QR) codes, and mobile payment apps. This enables customers to pay for goods and services without physical cards or cash.

Payments directed locally and to cross border countries increased from 1.8 million transactions to 3.8 million in 2024, whilst the value of these transactions increased almost ten-fold from €260.8 million to €2,550.1 million during the following two years. Similarly, mobile payments directed within Malta increased considerably, from 77,732 transactions in 2022 up to 135,594 transactions in 2024. Similarly, the values rose from €40.9 million to €198.3 million, registering nearly five times as much. This indicates that customers are finding such payments to be safe, quick and convenient.

As previously mentioned, electronic credit transfers also include transactions effected via file/batch method, an electronically initiated credit transfer that is part of a group of credit transfers jointly initiated by the payer via a dedicated line, for example, payment by a company of its monthly payroll.

As depicted in Table 3e, these payment types are on the decrease, from 9.5 million in 2020 down to 7.4 million in 2024, although data for 2020 and 2021 is likely to have been significantly impacted by the pandemic, as data since 2022 shows an upward trend in respect of volumes, value and average value per transaction.

Apart from credit transfers initiated electronically, fund transfers can be carried out in paper-based form. Such transactions refer to credit transfers initiated by the payer in paper-based form or by instructing staff at a branch over the counter (OTC) to initiate a credit transfer and any other credit transfer which requires manual processing.

Table 3e
VOLUMES AND VALUES OF OUTWARD CREDIT TRANSFERS INITIATED ELECTRONICALLY, VIA FILE/BATCH (LOCAL AND CROSS BORDER)

	2020	2021	2022	2023	2024
Volume (<i>millions</i>)	9.5	8.1	7.1	7.2	7.4
Value (<i>EUR billions</i>)	29.9	29.0	18.2	19.5	21.7
Average value per transaction (<i>EUR actual</i>)	3,154	3,560	2,571	2,708	2,928

Source: Central Bank of Malta.

Table 3f**VOLUMES AND VALUES OF OUTWARD CREDIT TRANSFERS INITIATED IN PAPER-BASED FORM (LOCAL AND CROSS BORDER)**

	2020	2021	2022	2023	2024
Volume (<i>thousands</i>)	320.0	357.3	290.7	266.3	244.6
Value (<i>EUR millions</i>)	8,915.0	8,547.7	10,683.3	9,528.4	9,002.5
Average value per transaction (<i>EUR actual</i>)	27,862	23,922	36,747	35,785	36,810

Source: Central Bank of Malta.

As shown in Table 3f, credit transfers in paper-based form depict a declining trend in both volume and value terms. The average value per transaction presented in the table depicts a rather stable trend after 2021, at around €36,500.

An analysis of payments effected through SCT scheme, SCT Inst scheme and non-SEPA via strong customer authentication (SCA)

Regulation (EU) No. 260/2012, also known as the SEPA Regulation, establishes technical and business requirements for credit transfers in euro within the SEPA. It aims to create a unified and efficient system for euro-denominated payments across Europe. Under the new regulation of payment statistics, such credit transfers initiated electronically are further broken down by payment initiation sub-channel, that is, via SCT scheme, SCT Inst scheme and via non-SEPA scheme.

Data for local and cross border SCTs is not available for the years 2020 and 2021 as the previous payment statistics regulation did not cater for such segregation. As outlined in Table 3g, the volume of cross border SCTs shows a consistent rising trend, from 3.6 million transactions in 2022 going up by 50% to 5.4 million in 2024. Similarly, the corresponding value of transactions increased, recording €27.0 billion in 2022 and €34.6 billion in 2024, resulting in a surge of 28.3% in two years. As mentioned earlier, this increase is probably due to the increasing foreign migrants in employment in Malta effecting outward transfers

Table 3g**OUTWARD SCTs (CROSS BORDER AND LOCAL)**

SCTs – Cross border (via remote and non-remote) via SCA	2022	2023	2024
Volume (<i>millions</i>)	3.6	5.5	5.4
Value (<i>EUR billions</i>)	27.0	27.9	34.6
Average value per transaction (<i>EUR actual</i>)	7,518	5,038	6,454
SCTs – Local (via remote and non-remote) via SCA	2022	2023	2024
Volume (<i>millions</i>)	8.4	8.4	8.6
Value (<i>EUR billions</i>)	24.1	25.9	30.7
Average value per transaction (<i>EUR actual</i>)	2,856	3,102	3,572

Source: Central Bank of Malta.

Note: Data is not available for 2020 and 2021.

to their home country. The average value per SCT outlined in the table recorded a decrease of 14.2% with respect to 2022, although it was 28% higher compared to 2023.

Data for local credit transfers via SEPA also depict an increasing trend in both volume and value. However, growth in volume was much weaker at just 2.4%, rising from 8.4 million in 2022 to 8.6 million in 2024, which could indicate some reluctance due to the fees charged to such payment instrument. As with cross-border transactions, the corresponding values depict a significant surge in value terms, rising from €24.1 billion in 2022 up to €30.7 billion in 2024, recording an increase of 27.3%. The strong surge in the value of such transactions led to a rise in the average value per transaction.

The following table outlines the volume and value of credit transfers effected through the SEPA instant method. The difference between the traditional SCT and SCT Inst is primarily speed and availability, with SCT Inst processing payments in usually under ten seconds, 24/7, ideal for time-sensitive transactions, urgent payments and immediate e-commerce purchases, while traditional SCTs can take up to one business day and are subject to banking hours and holidays. SCT Inst offers near-instantaneous, always-available transfers, whereas SCT provides a standard, reliable, but slower service suitable for non-urgent payments.

As can be shown in Table 3h, SCT Inst data for 2020 and 2021 are not available since these were not reportable under the previous payment statistics regulation. However, data for such scheme is required under the new regulation for payment statistics. The data available shows a consistent significant increase in both volume and value of transactions. In fact, the volume for cross border SCT Insts via SCA increased from 137,047 transactions in 2022 up to 2.8 million in 2024, whilst the value aspect increased from €173.4 million in 2022 to €3.9 billion in 2024. Likewise, local instant credit transfers increased significantly, from just 303 transactions in 2022 to 21,817 transactions in 2024, although this was still much lower than the volume of cross border transactions. Similarly, the corresponding value surged from €1.6 million to €32.8 million between 2022 and 2024. The substantial

Table 3h
OUTWARD SCT INST (CROSS BORDER AND LOCAL)

Actual figures

	2022	2023	2024
SCT Inst SCHEME			
Cross border (via remote and non-remote) – via SCA			
Volume	137,047	841,576	2,822,293
Value (EUR)	173,387,809	1,079,503,373	3,917,030,002
Average value per transaction (EUR)	1,265	1,283	1,388
SCT Inst SCHEME –			
Local (via remote and non-remote) – via SCA			
Volume	303	2,364	21,817
Value ((EUR)	1,579,992	8,374,328	32,837,715
Average value per transaction (EUR)	5,214	3,542	1,505

Source: Central Bank of Malta.

Note: Data is not available for 2020 and 2021.

increase from one year to another clearly indicates a growing preference towards this payment method. Whilst the average value per transaction to cross border countries shows a modest increase, that resulting from transactions effected locally shows a decreasing trend, from €5,214 in 2022 down to €1,505. This suggests that this kind of payment method is increasingly gaining popularity even for smaller value payments. This increase, especially in local transactions, is expected to continue due to the introduction of the Instant Payments Regulation which mandates institutions to offer instant payments to customers and especially if more banks remove their fees.

Credit transfers can also be effected through non-SEPA. Therefore, those transactions which are not processed in accordance with the SEPA rules are reported separately. Non-SEPA transactions include TARGET2 transactions which are considered to be transactions involving MFIs at both ends of the transactions when retail payment transactions are sent or received through the TARGET2 system.

Table 3i depicts the volume and value of cross border non-SEPA transactions effected between 2022 and 2024. The Table shows a consistent increasing trend, with the volume rising from 94,746 transactions in 2022 to 532,715 transactions during 2024, more than five times in just two years. Similarly, the corresponding value increased from €9.0 billion in 2022 to €11.5 billion in 2024, resulting in an increase of 27.6%. The average value per transaction emanating from this data declined from €94,991 in 2022 to €21,588 in 2024, suggesting greater use even for smaller value transactions.

On the other hand, the Table shows that both in volume and value terms, local transactions peaked in 2023 and declined slightly in 2024. Volume of transactions ranged from 26,000 to 29,000, whilst values present ranged from €1.2 billion to €1.6 billion between 2022 and 2024.

Table 3i
OUTWARD NON-SCTs (CROSS BORDER AND LOCAL)

Non-SCTs –	2022	2023	2024
Cross border (via remote and non-remote) via SCA			
Volume (<i>actual</i>)	94,746	101,730	532,715
Value (<i>EUR billions</i>)	9.0	11.2	11.5
Average value per transaction (<i>EUR actual</i>)	94,991	110,095	21,588
Non-SCTs –	2022	2023	2024
Local (via remote and non-remote) via SCA			
Volume (<i>actual</i>)	26,169	30,287	28,934
Value (<i>EUR billions</i>)	1.2	2.2	1.6
Average value per transaction (<i>EUR actual</i>)	44,323	71,209	54,852

Source: Central Bank of Malta.

Data is not available for 2020 and 2021.

Conclusion

In conclusion, data for the past five years may have been impacted somewhat by the pandemic, particularly in 2020 and 2021. However, it is apparent that after 2022 outgoing funds reported by credit and financial institutions to settle credit transfers have been on the rise, as reflected in the increase of 34.6% and 18.9% in volume and value respectively of local and cross-border credit transfers. The rise in volumes after 2022 has been driven by cross-border transfers, likely reflecting the impact of higher migration flows. On the other hand, growth in local outward credit transfers in volume terms was somewhat contained at just 1.7% between 2022 and 2024, though in value terms these increased by 8.9%.

The EU's Instant Payments Regulation (Regulation (EU) 2024/886), adopted in March 2024, obliges, since 9 April 2025, credit institutions as service providers (PSPs) to be capable of receiving instant euro credit transfers within ten seconds, 24/7 and sending instant payments by 9 October 2025. These requirements will become mandatory for financial institutions in 2027. Key provisions include the requirement for a payee verification service to prevent fraud, and a real-time sanctions screening mechanism that would not delay transactions. Given this Regulation, it is expected that the diffusion of instant credit transfer payments would increase significantly and eventually displace normal credit transfer payments.

The increase in the usage of credit transfers is welcome given that it provides an efficient and convenient alternative to paper-based means of payment, such as cheques. It is a trend that is expected to continue, especially following the entering into force in 2025 the regulation of mandatory introduction of instant credit transfers, given their secure and efficient characteristics.