

Consultation on Measures to Encourage the Use of Alternative Payment Methods to Cheques – Feedback Document

Feedback submitted by:

Malta Chamber of SMEs

December 2025

Table of Contents

Introduction	3
Representation.....	5
Recommendations	6
Recommendation 1: Retain the €20 Minimum Cheque Threshold	6
Recommendation 2: Mandatory Cheque Deposits or Prohibit Cheque Encashment	6
Other Recommendation	8
Final Remarks.....	9

Introduction


Following a consultation exercise with its members across various sectors, the Malta Chamber of SMEs is presenting its position on the Central Bank of Malta's proposed amendments to Directive 19 concerning the use of cheques. While the SME Chamber recognises the Central Bank's intention to encourage the transition toward more modern and efficient payment systems, several of the proposed measures require further assessment to ensure they remain practical, proportionate, and inclusive for the wider business community, especially when dealing with self employed and micro businesses.

Feedback collected from our members highlights slight concerns that extend beyond any specific industry. These concerns are particularly relevant to SMEs, which rely heavily on flexible and accessible payment methods to maintain stable cashflow, manage day-to-day operations, and serve a wide range of customers, including those who may not have access to local banking facilities or who are not yet fully comfortable with digital alternatives. The proposed changes, in instances risk creating operational disruptions and increase operational costs.

Through this position paper, the SME Chamber seeks to provide a balanced and constructive response to the proposed measures. The SME Chamber outline practical recommendations aimed at ensuring that efforts to modernise Malta's payment landscape do not impose disproportionate burdens on SMEs or the public.

This document does not attempt to address every aspect of the proposed amendments. Instead, it focuses on those provisions identified by our members as having the most direct impact on business operations, especially in relation to cheque usage, digital payment readiness, and banking service reliability. Each recommendation reflects real operational challenges faced by SMEs and offers alternative solutions that align with

national objectives while safeguarding the practical needs of businesses and consumers.



Representation

The Malta Chamber of SMEs represents a diverse array of industries and sectors that are vital to Malta's economy. It serves as a voice for the interests of all economic sectors in Malta, representing over 90 different sectors, with a particular focus on micro, small, and medium-sized enterprises, which form the backbone of Malta's business community, amounting to 98% of the nation's enterprises. These include (but not limited to):

- Retail and Wholesale & Distribution
- Hospitality and Tourism
- Manufacturing and Crafts
- Construction and Real Estate
- Technology and Innovation
- Transport and Logistics
- Health and Wellness
- Professional Services
- Education & Training

This directive may affect all the sectors represented by the SME Chamber, particularly those involving self-employed individuals, micro enterprises, and small businesses.

Recommendations

Recommendation 1: Retain the €20 Minimum Cheque Threshold

The Chamber of SMEs recommends keeping the minimum cheque amount at €20 and not increasing it to €50. Many small businesses still receive payments between that ratio for various reasons. Raising the limit would create problems for both businesses and their customers. Increasing the limit would make it harder for SMEs to receive payments possibly incentivising more the use of cash for transactions below the Euro 50.00 threshold. It is therefore recommended that the current €20 limit should stay in place at least until digital payment options are fully accessible and practical for everyone.

The SME Chamber further proposes that rather than imposing additional limits, businesses should be further incentivised to make use of electronic payments, making it a natural choice for businesses to opt for this option.

Recommendation 2: Mandatory Cheque Deposits or Prohibit Cheque Encashment

The Malta Chamber of SMEs disagrees with the proposal to make cheque deposits mandatory into a payment account and to prohibit cheque encashment. These measures assume that everyone has access to a bank account, which is not the case, especially when dealing with corporate accounts. A number of individuals holding e-payment accounts, which do not allow the depositing or encashment of local cheques. This issue is even more significant considering that businesses are finding it increasingly

difficult and bureaucratic to open a bank account locally, often opting to open accounts overseas instead.

Although the consultation document makes reference to the fact that under the payment services directive a basic payment account is opened or refused within ten (10) business days, with no distinction between nationalities and in line with Subsidiary Legislation 371.18 on Credit Institutions and Financial Institutions (Payments Accounts) Regulations (S.L. 371.18), is in place, such directive does not cover the opening of corporate accounts.

Such proposal without the supportive eco-system would result in higher bank charges, especially for those using overseas accounts and cause disruptions to normal business operations, particularly in situations such as payment on delivery and other day-to-day processes.

For these reasons, the SME Chamber strongly recommends that such a measure is implemented once the mandatory opening of corporate bank accounts (as proposed by the government) is fully implemented.

Other Recommendation

Before limiting cheque use, the Malta Chamber of SMEs recommends that:

- Remove or drastically reduce bank charges on local electronic transfers especially for EU SEPA payments.
- Ensure card payments are widely accepted and affordable, with low or no fees, and require service providers to carry mobile POS terminals.
- Limit excessive bank charges for account maintenance, online banking and SEPA transfers, especially as cash and cheques are being reduced.

These changes are necessary and align with the Central Bank's aim to reduce the use of cheques, while ensuring that any transition does not increase costs, limit access, or place additional burdens on the business community.

Final Remarks

The Malta Chamber of SMEs recognises the need to modernise Malta's payment landscape and supports a gradual shift towards more efficient digital solutions. However, any transition away from cheques must be implemented responsibly, with full consideration of the realities faced by SMEs, especially micro and small businesses and consumers who still rely on traditional payment methods.

The proposed changes risk creating unnecessary barriers for businesses, increasing operational costs, and limiting payment accessibility, particularly for those without a Maltese bank account or with limited access to digital tools. Until digital payment systems become fully accessible, affordable, and reliable for all, cheques must remain a viable and practical option.

A balanced approach is essential. Reforms should prioritise inclusiveness, reduce administrative burdens, and ensure that small businesses and their customers are not disadvantaged. The SME Chamber remains committed to work with the Central Bank and relevant authorities to achieve a modern payment system that supports innovation while safeguarding fairness, affordability, and business continuity.