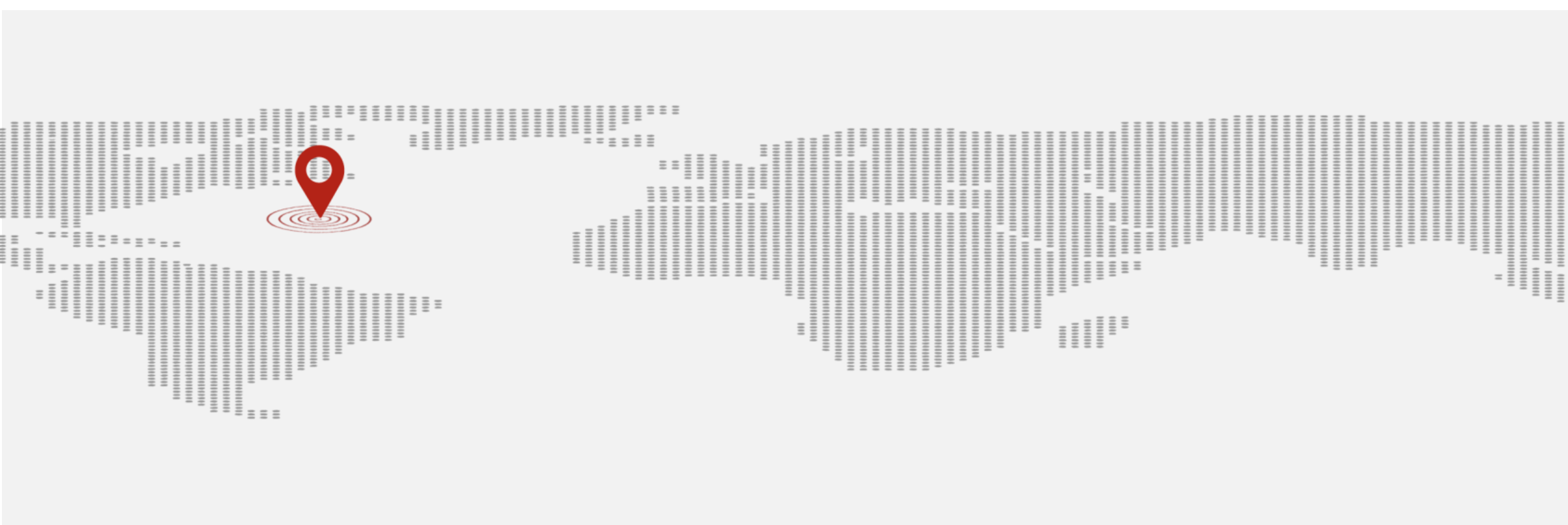
BERMUDA MONETARY AUTHORITY

Friday, 7 August, 2026

CONSULTATION PAPER

Regulation of Bank Fees

Comments to be received by 22 September 2026



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I. INTRODUCTION

1. The Bermuda Monetary Authority (Authority or BMA) is seeking stakeholder feedback on the proposals within this Consultation Paper (CP). This CP proposes updated regulations that enhance the disclosure, oversight, and regulation of bank fees charged to customers in preparation for the introduction of Government legislation, *The Banks and Deposit Companies Fees Regulations 2026 (Regulations)* by the Minister of Finance (Minister). The proposed Regulations aim to enhance transparency and ensure fair practices in fee structures.

2. The proposed Regulations will contain general provisions to govern institutions' actions when charging fees. However, there will also be specific provisions for those fees currently identified as being most impactful on the target customer groups.

3. In addition to the measures proposed within these Regulations, institutions licensed under the Banks and Deposit Companies Act 1999 (BDCA) are also subject to the provisions of the Banks and Deposit Companies Code of Conduct (Code) which shall be taken into account by the Authority in determining whether its business is being conducted in a prudent manner as required by section 4(10)(d) of the BDCA's Second Schedule (Minimum Criteria for Licensing). The Code enshrines principles for good conduct by institutions and for the fair treatment of their customers, including provisions governing fees that establish mechanisms for transparency and proper disclosures.

4. In the context of all the above, the Authority invites interested parties to submit their views on these proposals by emailing their comments to policy@bma.bm no later than the close of business on 22 September 2026.

II. BACKGROUND

5. In August 2022, the BDCA was amended to include section 60(2)(ab), which empowered the Minister to regulate fees, charges and penalties imposed by deposit-taking institutions. As part of these reforms, the BMA's mandate under the Bermuda Monetary Authority Act 1969 (BMA Act) was further extended to ensure the fair treatment of customers and enhance oversight of financial institutions' Conduct of Business (CoB).

6. In an initial step towards issuing regulations on bank fees to address the concerns raised, a CP was published in 2023. The CP outlined proposed Ministerial regulations governing various aspects of Over-the-Limit (OTL) fees, including the frequency with which these charges can be applied to a depositor, among other considerations. The *Banks and Deposit Companies (Over-the-Limit Fees and Unauthorized Overdraft Fees) Regulations 2025* came into effect in September 2025.

7. Following the implementation of the Regulations addressing OTL fees, the Minister considers it timely to address other fees within the banking sector. In response to ongoing concerns regarding the number and scale of fees applied to various banking products and services, the Minister intends to issue additional Regulations under section 60(2)(ab) of the BDCA.

III. KEY PROPOSALS

Customer scope

8. The customer scope to be impacted by the proposed Regulations includes:

   i. Individuals;
   ii. Individuals who use the services of an institution in the name of a partnership, an unincorporated association or sole proprietorship;
   iii. Charitable organisations as defined in section 2 of the Charities Act 2014 and registered under section 17 or exempted from registration under section 18 of that act;
   iv. Small businesses which are local companies that have a gross annual revenue of less than BMD $1,000,000; and
   v. Medium businesses which are local companies that have a gross annual revenue of between BMD $1,000,000 and BMD $5,000,000.

9. For the avoidance of doubt, these Regulations exclude non-individual persons, such as corporate banking clientele, with the explicit exception of small and medium businesses (as defined above).

Services scope

10. The proposed Regulations will address fees (including charges and penalties) for the following banking services and products:

    i. Current accounts on terms that require repayment on demand;
    ii. The payment and collection of cheques, drafts and orders;
    iii. Savings, deposit or other similar accounts;
    iv. Overdraft and other loan facilities;
    v. Either directly or indirectly, loans in Bermuda dollars secured on the mortgage of real property in Bermuda;
    vi. Foreign exchange services; and
    vii. Either directly or indirectly, credit card or debit card facilities.

11. The proposed Regulations will **not** address:

    i. Interest rates;
    ii. Fees relating to services provided under other licences held by institutions (e.g., investment or trust services);
    iii. Exchange rates;
    iv. Foreign currency purchase tax;
    v. Withholding taxes or fees;
    vi. Fees charged by third parties as part of the service provided; and
    vii. Fees for other services provided under the BDCA that are not specified.

Annual disclosures of fees

12. It is proposed that institutions be required to submit to the Minister a schedule of all fees levied for the eligible products and services. Submissions must be provided annually, with disclosures reflecting fees as at 31 December of each year and filed within one month of that date to allow a comparative review to commence.

13. The Minister will review the schedules for reasonableness, with the review process to be concluded before 31 March of each year.

14. The Minister's assessment of 'reasonableness' is designed to follow a principles-based approach, taking into consideration factors such as:

    i. The cost and risks associated with the provision of the relevant service;
    ii. The impact on customers;
    iii. Transparency and comparability of disclosures across institutions; and
    iv. Prevailing market conditions in Bermuda.

Specified fees

15. They will also set out additional requirements for certain fees that are considered particularly sensitive due to their nature and impact on customers. These fees will be designated as 'specified fees'.

16. Initially, the fees defined as 'specified fees' will be OTL fees and account maintenance fees. It is anticipated that the Minister may, where appropriate, designate additional fees as specified fees in response to market developments, customer impact considerations or other relevant policy objectives.

17. The proposed Regulations will specifically address account maintenance fees, defined as recurring fees for the ongoing provision of an account with an institution, separate from usage or transaction fees charged in the normal course of using the account. Account maintenance fees would apply to the following:

    i. Current accounts on terms that require repayment on demand; and
    ii. Savings, deposit or other similar accounts.

18. It is proposed that existing specified fees will not be grandfathered under these Regulations and may be subject to a reasonableness review once the Regulations take effect.

19. It should be noted that only those fees defined as specified fees will require a notice of no objection from the Minister before they are added or increased.

Process for obtaining the Minister's notice of no objection or receiving a ministerial objection for specified fees

20. It is proposed that institutions shall not make an increase to specified fees charged or introduce new specified fees unless they serve a written notice to the Minister setting out the proposed increase or new fee and, within 45 business days of receiving that notice, the Minister has notified the institution in writing that there is no objection to the proposal.

21. It is proposed that notices to the Minister must be given in writing and accompanied by such information as the Minister may direct. At a minimum, they should include:

    i. An outline of the commercial rationale requiring either the proposed fee increase or the imposition of a new fee;
    ii. A description of which customers will be affected by either the proposed fee increase or the imposition of a new fee, and what the impact will be;
    iii. A description of any alternative service that may be available to affected customers;
    iv. An outline of the expected revenue to be generated by either the proposed fee increase or the imposition of a new fee and an explanation and quantification of the reasonable costs and risks associated with offering the service;
    v. A description of how the proposed increase or new fee will be communicated to affected customers and the proposed commencement date; and
    vi. Any additional supporting documentation that the institution believes will assist the Minister's consideration of the notice.

22. In determining his decision, the Minister shall consider the information provided and any other additional information the Minister deems relevant.

23. Where additional information or documents are required from an institution, the Minister shall specify this information in writing. The time between giving the notice and receiving the information or documents shall be added to the Minister’s consideration period, as detailed above.

24. It is proposed that an institution may not proceed with a specified fee change or introduce a new specified fee if the Minister indicates an objection in writing with the rationale for the potential issuance of a subsequent formal objection.

25. It is proposed that an institution has the right to submit further written representations in response to the proposed objection. These will be further considered by the Minister when rendering the final decision, whether to proceed with the formal objection, or alternatively, to issue a no-objection notice in response to a proposed fee alteration, and this will be done within the original 45-business-day period.

26. Should the Minister propose to issue a formal objection at the end of the original 45-business-day review period, the institution may submit a further written representation. Upon receipt of that

representation, the Minister will be given another 14 business days to determine whether to proceed with the formal objection or instead issue a no-objection notice.

27. It is proposed that, should the Minister choose to move forward with a formal objection to the specified fee, it will be conveyed in writing, including the reasoning behind the decision. In such a scenario, the institution is required to halt any plans for the proposed specified fee increase and/or introduction of the particular specified fee.

28. The Minister may review any specified fee in effect at the time the proposed Regulations come into force where the Minister considers the fee to be unreasonable. The Minister may not direct that the fee be amended without first considering the reasonable costs and risks of providing the service and any written representations submitted by the institution in relation to that fee.

Reimbursement of specified fees not adequately disclosed or charged incorrectly

29. It is proposed that where an institution alters a specified fee without providing customers with sufficient disclosure that complies with the requirements of the Code, or without reporting the change to the Minister as required by the proposed Regulations, that institution must refund any incorrectly charged fees to affected customers. The refund obligation would also extend to any consequential fees incurred as a result of the incorrect charge, including OTL fees and similar charges.

30. These reimbursements should be made promptly and during the period under consideration. The reimbursement must be completed no later than the end of the next applicable billing cycle for the relevant product or service.

Enforcement of the Regulations and penalties for contravention

31. Section 42A(b) of the BDCA states that the Authority may conduct an investigation if it appears that an institution may have failed to comply with any requirements or contravened any prohibition imposed by or under the BDCA or regulations, rules, or orders. Any investigations and subsequent findings concerning the Regulations will fall within the BMA's existing enforcement structure.

32. Penalties for breach of the Regulations should not exceed $10,000 as prescribed in section 60(2)(c) of the BDCA.

Regulatory Oversight

33. As noted, it is envisioned that the proposed Regulations to be issued by the Minister will be applied in tandem with the Code, to which local banks are already subject, in order to adopt a comprehensive approach to addressing fees for banking products and services in Bermuda. In this context, the BMA will continue to oversee the Code's provisions, particularly regarding the CoB and fee governance, as part of its ongoing supervisory programme for institutions licensed under the BDCA.

IV. CONCLUSION

18. Please provide the Authority with your feedback on the presented proposals or any challenges you may envision with implementation by emailing your comments to policy@bma.bm by the close of business on 22 September 2026.