

EMIs in Malta are licensed and regulated in terms of the Financial Institutions Act under the MFSA (Malta Financial Services Authority)



PERMISSIBLE ACTIVITIES FOR EMIs

- Issuing of Electronic Money;
- Provision of payment services in terms of the licensable activities applicable to PSPs;
- Granting of credit related to payment services listed under certain PSP activities;
- Operational services and closely related ancillary services in respect of the issuing of electronic money or the provision of payment services;
- The operation of payment systems;
- Certain business activities other than the issuance of electronic money;
- EMIs may issue debit cards (such as a chip device) but may not issue credit cards.



DEFINING E-MONEY

E-Money is defined as 'Electronically, including magnetically, stored monetary value as represented by a claim on the issuer which is issued on receipt of funds for the purpose of making payment transactions'. All such products can be grouped in either of the following two categories:

- Card or device-based e-money – Allowing individuals to use a portable card or other electronic device as an e-wallet as opposed to using physical cash for small transactions; and
- Server based e-money – E-money which is stored remotely at a server which can usually be accessed and managed by users.



CAPITAL REQUIREMENTS & OWN FUNDS

- EMIs are required to hold initial capital amounting to not less than €350,000.
- EMIs must also ensure that their funds do not fall below the initial capital requirements indicated above, or the own funds calculations issued by the MFSA under separate rules, whichever is the higher.



GENERAL LICENSING REQUIREMENTS

- The mind and management of the Institution must be based in Malta and all licensable activities must originate in and from Malta;
- All persons directing or managing the operation must be fit and proper persons and they must satisfy certain minimum criteria specified by the MFSA;
- The applicant must have sound and prudent management, robust governance arrangements and adequate internal control mechanisms.



DOCUMENTATION REQUIRED

The Authority requires that all applications for a license shall be filed in accordance with its official application forms as applicable, and shall be accompanied by:

- Draft incorporation documents;
- A programme of operations;
- Proposed level of initial capital and evidence thereof;
- A business plan including the structure, organization, management systems, governance arrangements and internal control systems of the institution as well;
- A description of the internal control mechanisms which the applicant will establish in order to comply with obligations in relation to anti-money laundering and terrorist financing regulations;
- A description of the organisation structure;
- The identity of all officers and controllers and shareholders of the institution;
- The identity of the individuals directing the business and persons responsible for the management of the activities of the institution;
- A description of the procedure to monitor, handle and follow up on security incidents and security-related customer complaints;
- A description of the process in place to file, monitor, track and restrict access to sensitive payment data;
- A description of the business continuity arrangements;
- A description of the principles and definitions applicable to the collection of statistical data on performance, transactions and fraud;
- A security policy document detailing, amongst others, a risk assessment of the e-money services;
- A description of the measures taken for safeguarding electronic money users' funds.

REGULATORY FEES

Application and Processing Fee:

€3,500

Annual Supervision Fee:

Equivalent to 0.0002 of the total assets – cannot amount to less than €2,500

PASSPORTING

EMI licenses are passportable across all EU/EEA Member States in exercise of the license holder's right of freedom of establishment and freedom to provide services on a cross border basis.

For more information on electronic money institutions, please contact Denia Ellul on dellul@arqgroup.com. ARQ Group offers a number of complementary services including corporate structures, tax advice, residency & citizenship, compliance, legal service and accounting.