

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



PERMISSIBLE ACTIVITIES FOR PSP's

1. Services enabling cash to be placed on a payment account as well as all the operations required for operating a payment account;
2. Services enabling cash withdrawals from a payment account as well as all the operations required for operating a payment account;
3. Execution of payment transactions, including transfer of funds;
4. Execution of payment transactions where the funds are covered by a credit line for a payment service user;
5. Issuing and/or acquiring of payment instruments;
6. Money remittance;
7. Payment initiation services;
8. Account information services;

PSPs may also carry out the following additional activities:

- The provision of operational and closely related ancillary service;
- The operation of payment systems;
- Business activities other than the provision of payment services
- Granting of credit in relation to payment services.



CAPITAL REQUIREMENTS

- Where the institution only provides money remittance, its capital shall at no time be less than €20,000;
- Where the institution carries out activity (7) its capital shall at no time be less than €50,000; and
- Where the institution carries out activities (1) to (5) its capital shall at no time be less than €125,000.

PSPs carrying out Account Information Services exclusively are not subject to Capital Requirement Impositions.



OWN FUNDS AND PROFESSIONAL INDEMNITY INSURANCE

- PSPs carrying out activities (1)-(6) 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.
- PSPs carrying out activities (7) and (8) are required to hold a professional indemnity insurance covering the territories in which they offer services, or some other comparable guarantee to ensure that they can cover their liabilities.



GENERAL LICENSING REQUIREMENTS

- The mind and management of the financial 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 satisfying certain MFSA requirements;
- Relevant and sufficient information must be provided to the MFSA to prevent any threats to potential clients;
- 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 and a forecast budget calculation (financial projections);
- A description of the internal control mechanisms which the applicant will establish in order to comply with obligations in relation to money laundering and terrorist financing;
- A description of the structure of the organization;
- The identity of all officers and controllers and shareholders 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 and risk assessment;
- A description of the measures taken for safeguarding payment service 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

PSP 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 payment service providers, 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.