PAYMENTS INFRASTRUCTURE · BAAS

A Guide to Banking-as-a-Service

What Banking-as-a-Service actually provides, who carries the regulatory responsibility, and what to check before building on someone else's licence.

FINXP · GUIDES SERIES

"One EMI Licence, Independent, Direct SEPA access, built to say yes."

INTRODUCTION

Who this guide is for

This guide is for fintechs, platforms and marketplaces that want to add payment or account features to their product without becoming a licensed institution themselves.

It explains what Banking-as-a-Service provides, who carries the regulatory responsibility, and what to check before committing to a provider.

What Banking-as-a-Service actually is

Banking-as-a-Service allows a business to offer payment accounts, card issuing or other financial features inside its own product without holding an e-money or banking licence itself. The licensed partner holds the regulatory permissions, safeguards the funds and provides the infrastructure. The business builds its own product experience on top.

Used well, this lets a platform stay focused on what it does best. A marketplace can pay its sellers, a payroll platform can issue employee cards, and an iGaming platform can manage player wallets, while the licensed partner carries the regulatory and operational work of moving and holding the money.

> The question that matters most is not what the API can do. It is who holds the licence behind it, and how many parties sit between your platform and the regulator.

What sits behind a BaaS offering

- ✓ Account issuance: dedicated named IBANs that a platform can allocate to its own customers.
- ✓ Card issuing: your brand on a card programme running on the licensed partner’s scheme membership.
- ✓ Payment rails: including direct SEPA access for euro-denominated flows.
- ✓ Compliance and onboarding: the licensed partner owns KYC and AML checks on the end customers.

DIRECT VERSUS LAYERED

Who actually holds the licence

The distinction between direct-licence BaaS and layered or resold BaaS shapes almost everything that follows: accountability, safeguarding, continuity, and how many parties stand between your platform and the regulator.

ASPECT	DIRECT-LICENCE BAAS (FINXP)	LAYERED OR RESOLD BAAS
Regulatory relationship	The platform builds directly on the licence holder.	The provider itself relies on a further licensed partner.
Accountability	One party responsible from end to end.	Responsibility split across a chain of parties.
Fund safeguarding	Held and safeguarded directly by the licence holder.	Dependent on an upstream provider's own arrangements.
Stack coverage	Accounts, cards and payment rails under one licence.	Often assembled from separate vendors.
Continuity risk	Set by FinXP's own risk appetite.	Exposed to the upstream partner's risk appetite as well.

Why the layering matters

Not all BaaS arrangements are alike. Some providers rely on another licensed partner sitting behind them, which introduces a layer between the platform and the regulated entity actually responsible for client funds. That layer affects accountability, how quickly problems are resolved, and how well end customers are protected if something goes wrong.

> FinXP holds its own EMI licence, Mastercard Principal Membership and direct SEPA access, and provides BaaS infrastructure directly. Platforms work with one regulated partner and one consistent set of onboarding and compliance standards.

APPLICATION

Where BaaS fits by sector

In each case below, the platform keeps control of its product while the licensed partner carries the regulatory and infrastructure responsibility.

- **Brokerage platforms**
  Client sub-accounts with individual IBANs, so each client has a dedicated account number while the platform owns the relationship.

- **Digital asset exchanges**
  Fiat on-ramps and off-ramps without the exchange holding a licence of its own.

- **Marketplaces**
  Seller payouts in local currency without building separate banking relationships in every market.

- **Payroll platforms**
  Contractor and employee payouts, with cards issued under the platform's own brand.

- **iGaming platforms**
  Player wallets and withdrawals, with limits and controls that can be adjusted as volumes change.

What to check before choosing a BaaS partner

- ✓ Does the provider hold its own licence, or does it rely on a further licensed partner?
- ✓ How are client funds safeguarded, and can the provider evidence that they are held apart?
- ✓ What onboarding standards will apply to your own end customers, and who sets them?
- ✓ Does the infrastructure cover accounts, cards and payment rails, or only part of the stack?

FAQ

Frequently asked questions

Q. Is BaaS the same as using a payments API?

Not quite. An API is the technical access point. BaaS covers the regulatory and operational arrangement behind it. A platform can have excellent API documentation and still sit on a weak or complicated licensing structure, which is why the licence holder matters more than the interface.

Q. Can a platform launch card issuing without its own licence?

Yes, provided the BaaS partner holds Principal Membership with the card scheme. If the provider is instead sponsored by another issuer, the platform inherits an additional layer of dependency, which may only become visible when something goes wrong.

Q. What if the licensed partner's own arrangements change?

This is precisely why direct licensing matters. If your platform depends on a provider that itself depends on another partner, you can be affected when that upstream relationship changes, pricing shifts or the service is withdrawn, often at short notice.

Q. Does using BaaS remove a platform's compliance responsibilities?

No. The licensed partner is responsible for the funds and the infrastructure, but the platform still owns its product, its customer relationships and its own conduct. Clear standards from the partner make that split easier to manage, but it cannot be outsourced entirely.

Q. Is FinXP a bank?

No. FinXP is an Electronic Money Institution licensed by the Malta Financial Services Authority. It issues e-money and provides payment services, and it does not take deposits or lend. Client funds are safeguarded rather than held on its own balance sheet.

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Related guides in this series

A Guide to SEPA Payments
How direct settlement access changes what a business can rely on for euro payments.

A Guide to Cross-Border Payments
Where cost and delay enter an international payment, and how directly licensed infrastructure changes both.

A Guide to Paytech Infrastructure
Why accounts, card issuing and payment rails under one licence beat a stitched-together stack.

One regulated foundation.
No chain of intermediaries.

FinXP is a privately owned European payments company with twelve years of experience supporting regulated businesses across fintechs, PSPs and banks, digital assets and Web3, marketplaces and platforms, payroll and contractors, and digital commerce.

As an independent company, FinXP has built its own infrastructure without the constraints of a parent group. With an Electronic Money Institution licence in Malta, Mastercard Principal Membership, and direct participation in CENTROlink, FinXP provides BaaS infrastructure directly, with no intermediary layer in between.

12+	€4bn+	12,000+	41
YEARS IN PAYMENTS	PROCESSED ANNUALLY	BUSINESS ACCOUNTS OPENED	EUROPEAN NATIONS, DIRECT CENTROLINK

For businesses turned away elsewhere for being “too complicated”, FinXP’s independence and experience open a route to a workable answer instead of a closed door.

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