TRUST & COMPLIANCE · EMI LICENSING

A Guide to Electronic Money Institution Licensing

What an EMI licence permits, how it differs from a banking licence, and what to check on the register before you rely on it.

FINXP · GUIDES SERIES

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

INTRODUCTION

Who this guide is for

This guide is for clients and partners carrying out due diligence on a payments provider who want to understand what an Electronic Money Institution licence allows, how it differs from a banking licence, and what it means for the safety of their money.

It covers the permissions an EMI licence carries, how client funds are protected, what ongoing supervision involves, and the points worth checking before relying on any provider's licence.

What an EMI licence actually permits

With an Electronic Money Institution licence, a business can issue electronic money, offer payment accounts, process payments and provide services such as card issuing. These activities follow EU rules and are supervised by national authorities. FinXP holds a licence from the Malta Financial Services Authority, which allows it to issue e-money, operate payment accounts, provide multi-currency IBANs and issue cards as a Mastercard Principal Member.

An EMI licence is a full financial services authorisation, not a lighter form of regulation. It carries strict requirements covering the protection of client funds, minimum capital, governance, anti-money-laundering controls and regular reporting to supervisors. What it does not permit is deposit-taking or lending, and that is the central difference between an EMI and a bank.

> An EMI licence is not a lighter version of a banking licence. It is a different authorisation with a different scope: e-money and payment services rather than deposit-taking and lending.

What FinXP's licence covers

- ✓ Issuing electronic money under authorisation from the Malta Financial Services Authority.
- ✓ Operating payment accounts and providing multi-currency IBANs for regulated businesses.
- ✓ Issuing cards directly as a Mastercard Principal Member, rather than under a sponsor.
- ✓ Participating directly in CENTROlink for euro payments across the European Economic Area.

LICENCE COMPARISON

EMI licence versus banking licence

When carrying out due diligence, focus on what each licence permits and how client money is handled, rather than on which licence sounds more impressive.

ASPECT	EMI LICENCE (FINXP)	BANKING LICENCE
Permitted activities	Issuing e-money, payment services, account and card provision.	Full banking activities, including lending and deposit-taking.
Treatment of client funds	Safeguarded and segregated, and never lent onward.	Held as deposits, and may be lent onward within reserve rules.
Deposit protection	Not covered by a deposit guarantee scheme; protected instead by safeguarding rules.	Covered by a national deposit guarantee scheme up to the protected limit.
Capital regime	Own-funds requirements proportional to e-money issued.	Basel-based capital adequacy requirements.
Regulatory supervision	Licensed and supervised by the MFSA.	Licensed and supervised by a national or EU banking regulator.

Which model is safer

Neither model is automatically safer. Banks and EMIs can both fail. What matters is how each protects client money if that happens. For an EMI, the safeguarding rule requires client funds to be held apart from the institution’s own money at all times, which is what protects clients in the event of failure.

> Safeguarded funds sit outside the institution’s own balance sheet. In an insolvency they are not treated as assets available to general creditors, which is the whole purpose of the safeguarding requirement.

SUPERVISION

What MFSA supervision involves

FinXP is licensed and supervised by the Malta Financial Services Authority, which oversees financial services companies in Malta, including EMIs. Supervision is continuous rather than a one-off approval. It covers regular reporting, capital and liquidity checks, governance standards, requirements on senior management, and anti-money-laundering compliance under EU rules.

Malta applies the same EU Electronic Money Directive used across the European Economic Area. The core standards are therefore consistent from one country to the next, even though each regulator supervises its own institutions.

What "licensed" should mean in due diligence

- **Direct authorisation**
  Confirm the provider holds its own licence in its own name, rather than acting as an agent of a licensed principal.

- **Regulator verification**
  Check the provider's status on the regulator's public register instead of relying on marketing material.

- **Scope of permissions**
  Establish which activities the licence actually covers, since permissions vary between apparently similar licences.

- **Safeguarding arrangements**
  Ask how client funds are held apart in practice, and whether that can be demonstrated rather than asserted.

- **Track record**
  Consider how long the institution has held its licence, since approval alone does not show operational maturity.

> The word "licensed" carries very different weight depending on who holds the licence and what it permits. Both points can be checked on a public register in a few minutes.

FAQ

Frequently asked questions

Q. Is an EMI licence as safe as holding funds in a bank?

The protections are different rather than one being clearly stronger. Bank deposits are usually covered by a deposit guarantee scheme up to a set limit. EMI client funds are not covered by such a scheme, but they must be safeguarded and held apart from the institution's own funds at all times, and they cannot be lent onward.

Q. What happens to client funds if an EMI becomes insolvent?

Safeguarded funds are held separately from the institution's own balance sheet, so in an insolvency they are not treated as assets available to general creditors. This is the central purpose of the safeguarding requirement under EMI regulation.

Q. Does FinXP take deposits or lend money?

No. As an EMI, FinXP issues e-money and provides payment services. It does not take deposits or lend, since those activities are reserved for banks. Client funds are safeguarded rather than held on FinXP's own balance sheet.

Q. How can a business check FinXP's licence status directly?

Search the Malta Financial Services Authority's public register of licensed institutions. The register lists authorised EMIs and their permissions, independently of any claim made in a provider's own materials.

Q. Does an EMI licence work across the European Economic Area?

The licence is issued by one national regulator and passported for use in other European Economic Area countries under the same EU directive. The supervising authority remains the one that issued it, which is the MFSA in FinXP's case.

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

Related guides in this series

A Guide to Fund Safeguarding
How client funds are segregated in practice, and what that protection actually means.

A Guide to Banking-as-a-Service
What BaaS provides, who actually holds the licence behind it, and what to check before building on it.

A Guide to Choosing a Payments Partner
A due-diligence checklist covering licensing, safeguarding and scheme membership.

Licensed in Malta. Supervised by the MFSA.

Client funds safeguarded, never lent.

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 holds its own authorisations rather than operating under another institution's licence.

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.

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