

BDO Malta

Electronic Money Institutions (EMIs) & Payment Service Providers (PSPs) in Malta

Malta: an ideal jurisdiction for Financial Institutions

Malta provides a strategic gateway to the European market.

With a well-regulated financial sector and access to EU passporting rights, Malta is an ideal jurisdiction for **Financial Institutions**, mainly **Electronic Money Institutions (EMIs)** and **Payment Service Providers (PSPs)** looking to expand across Europe.

What is a PSP?

A PSP is a legal entity authorised by a National Regulatory Authority to offer **payment services** within the European Economic Area (EEA).

In simple terms, PSPs enable individuals and businesses to send, receive, or manage money. These providers may include Banks, Electronic Money Institutions (EMIs), or other licensed non-bank financial entities.

What is an EMI?

An EMI goes a step further from a PSP in that it is authorised to issue and manage electronic money, enabling digital financial transactions. To qualify as an EMI in Malta, two key elements must be present:

1. **Prepaid electronic money**
2. **Capability to transfer electronic money freely to third parties**

E-money is a digital alternative to cash, typically stored on **prepaid cards, digital wallets, and mobile payment apps**. This digital transformation enhances payment efficiency and security. Advantages for financial transactions, include:

- ▶ **Convenience:** Instant payments without the need for cash
- ▶ **Security:** Encrypted transactions reduce fraud risks
- ▶ **Efficiency:** Faster, borderless transactions for businesses and consumers

EMIs are a subset of PSPs and are permitted to offer all the services a PSP can, plus they are uniquely allowed to issue and manage electronic money. Both must comply with EU regulatory requirements, but EMIs have stricter capital and safeguarding obligations due to their ability to hold and issue stored value.



The Advantages of an EMI and PSP Licence in Malta



Advantages of Obtaining an EMI or PSP Licence in Malta

Malta's regulatory framework, governed by the Financial Institutions Act (Chapter 376 of the Laws of Malta), provides a supportive environment for financial institutions. Key benefits include:

- ▶ **Reputable jurisdiction:** A robust jurisdiction enjoying a good reputation offering several business incentives.
- ▶ **EU Passporting Rights:** Expand operations seamlessly across EU Member States through a Maltese EMI/PSP licence.
- ▶ **Technological Infrastructure:** Advanced digital infrastructure and fintech-friendly policies.
- ▶ **Skilled Workforce:** A highly-skilled, English-speaking financial and compliance talent pool.
- ▶ **Regulatory Stability and knowledge:** A clear and efficient licensing process regulated by the Malta Financial Services Authority ('MFSA').
- ▶ **Corporate Tax:** Malta adopts a full tax imputation system thereby eliminating double taxation and allowing for an effective tax rate of approximately 5%, making it an attractive jurisdiction for business in the European Union.

These advantages collectively position **Malta as a leading jurisdiction for obtaining an EMI/PSP Licence.**

Regulatory Requirements for an EMI or PSP Licence in Malta

Any company seeking an EMI or PSP Licence in Malta must comply with the licensing requirements set by the MFSA under the Financial Institutions Act. The application process includes:

- ▶ **Submission of the Licence Application:** Companies must submit a detailed application form to the MFSA, ensuring all regulatory criteria are met.
- ▶ **Compliance with the Payment Services Directive, Electronic Money Directive and Markets in Crypto-Assets Regulation (as applicable):** Businesses can either apply for a new Licence in Malta or hold an equivalent authorisation from another EU country.
- ▶ **Regulatory Review:** The MFSA assesses applications to confirm adherence to the Financial Institution Rules.



Permitted Activities for Financial Institutions in Malta

While EMIs are authorised, subject to prior approval from the MFSA, to issue electronic money, both EMIs & PSPs may engage in the following activities:

1. **Providing payment services** including enabling cash and/or cash withdrawals to be placed on/from a payment account and the operations required for operating a payment account as well as executing payment transactions such as those from payment cards, direct debits and standing orders.
2. **Granting credit related to certain payment services** as detailed in the Financial Institutions Act given that it is not granted from the funds received in exchange of electronic money and held in accordance with the relevant safeguarding requirements.
3. **Offering operational services** and closely related ancillary services concerning the issuance of electronic money or the provision of payment services referred to in point one above.
4. **Conducting business activities other than the issuance of electronic money**, in accordance with the applicable law regulating such activities.

It should be noted that EMIs, as legal entities, are able to issue electronic money tokens under the Markets in Crypto- Assets Regulation, however this is subject to notifying the MFSA and issuing a whitepaper.

EMI & PSP Licensing and EU Passporting

EU Passporting for EMIs & PSPs in Malta

A licence obtained in Malta to operate as an EMI or PSP shall be valid in all Member States and shall allow the financial institution to carry out its relevant authorised activities either through the establishment of a branch by exercising the right to establishment or by exercising its right under the freedom to provide services.

For example, a licensed EMI may also provide payment services and, or distribute and, or redeem electronic money in another Member State through an agent and, or a distributor, as applicable.

In order to exercise such powers, a licensed financial institution is required to give notice to the MFSA of such an intention, which notice shall contain the necessary information as prescribed by the Act.

Main Requirements for obtaining an EMI or PSP Licence in Malta

To apply for an **Electronic Money Institution or a Payment Service Provider Licence in Malta**, businesses must meet the following criteria:

- ▶ **Minimum initial share capital:** Licensed Financial Institutions shall ensure that their own funds do not fall below this amount of initial share capital, or the amount of own funds as calculated in accordance with the Rules, whichever is higher.
- ▶ **At least two individuals to effectively manage the Financial Institutions' operations from Malta:** Such individuals must have a good reputation and sufficient experience to occupy such roles. For the MFSA to form such an opinion, such individuals along other key personnel within the institution and any qualifying shareholders, will be subject to certain due diligence procedures as prescribed by the MFSA.
- ▶ **Sound and prudent management and robust governance arrangements:** Such arrangements must include a clear organisational structure with well defined, transparent and consistent lines of responsibility, effective procedures to identify, manage, monitor and report the risks to which it is or might be exposed, and adequate internal control mechanisms, including sound administrative and accounting procedures. The MFSA will also expect that a part of such management be effectively carried out in Malta.

Administrative fees for Financial Institutions Licences in Malta

MFSA imposes the following costs on financial institutions:

- ▶ **a one-time application fee** of EUR 10,000 payable upon submission of a licence application, and
- ▶ **an annual supervision fee** based on the Institution's balance sheet, with a minimum of **€25,000 per year**.

Licence Activities	Minimum Share Capital Requirement	Application Fee (one time)	Annual Supervisory Fees (per year)
PSP or EMI	PSP: €20,000 - €125,000 EMI: €350,000	€10,000	€25,000 + the higher of (i) 0.02% of total assets, (ii) 0.0003% of total monetary value of payment transactions, or (iii) 0.01% of the average daily outstanding electronic money (max €250,000).
PSP and EMI	€350,000	€15,000	Fixed EUR 35,000 + the higher of (i) 0.02% of total assets, or (ii) the aggregate of 0.0003% of total monetary value of payment transactions and 0.01% of the average daily outstanding electronic money (max €250,000).

Do I need a PSP, EMI or EMT issuer authorisation?

Feature	Payment Service Provider (PSP)	Electronic Money Institution (EMI)	E-Money Token (EMT) Issuer
Definition	Facilitates payments but does not hold user funds	Issues & manages e-money (digital fiat)	Issues blockchain-based stablecoins (e-money tokens)
Regulatory Framework	Payment Services Directive 2 (PSD2)	Electronic Money Directive (EMD 2)	Markets in Crypto-Assets Regulation (MiCA)
Issuer Type	Fintech companies, banks, regulated financial entities	Licensed EMIs & banks	Issuer of EMTs
Technology	Traditional banking & payment rails (SEPA, SWIFT, card networks)	Centralised e-money accounts	Blockchain-based (crypto wallets, smart contracts)
License Required?	PSP Licence	EMI Licence	MiCA Authorisation (Issuer)
Can Hold User Funds?	No (only facilitates payments)	Yes (must hold 100% fiat reserves in a segregated account)	Yes (must hold 100% fiat reserves backing issued tokens)
Passporting Across EU?	Yes (via PSD2)	Yes (via EMD 2)	Yes (via MiCA)



MFSA Application & Licensing Process

Timeline & Stages of the Application Process

01

Intention Stage

- ▶ Preliminary discussions with MFSA
- ▶ Drafting and Submission of Statement of Intent and initial meeting with the MFSA
- ▶ Receipt of 'No Objection' notice to proceed to Pre-Authorisation (stage 2)



Meeting

MFSA requests preliminary meeting within **10 working days** from receipt of a duly completed Statement of Intent.



'No Objection'

Once satisfied, MFSA issues a **"No Objection"** notice for the Applicant to proceed with the Authorisation process.



Submission

Application to be submitted within **40 working days** from receipt of MFSA's "No Objection" notice.

02

Pre-Authorisation Stage

- ▶ Compilation of the DD documents and PQs
- ▶ Completion of the Submission Pack along with necessary forms, policies & procedures
- ▶ Submission review and quality review by MFSA
- ▶ Feedback rounds from the MFSA to finalise outstanding matters
- ▶ Receipt of MFSA determination that no additional matters need to be addressed



Submission Review

MFSA conducts a Submission Review within **5 working days** from receipt of Submission Pack.



Quality Review

MFSA conducts a Quality Review. The Applicant will have **15 working days** to address matters raised by the MFSA. MFSA responds within **20 working days**.

Initial feedback from Quality Review will take around **6 weeks**.



Deemed 'Complete'

When the MFSA receives sufficient information, the MFSA will deem the Application complete.

03

Authorisation Stage

- ▶ Final evaluation by MFSA
- ▶ Issuance of Pre-Authorisation Letter from MFSA
- ▶ Issuance of Authorisation by MFSA
- ▶ Ongoing supervision by MFSA

Evaluation

MFSA conducts a **Final Evaluation** prior to issuing a "Pre-Authorisation Letter".

Pre-Authorisation Letter

The Pre-Authorisation Letter indicates conditional acceptance subject to fulfilment of **Pre-Authorisation** and **Pre-Commencement Conditions**.

Authorisation Issued

Once conditions are fulfilled, Authorisation is issued. May include **Post-Authorisation Conditions**.



Post-Authorisation: Interactions generally lasting **6–12 months** post authorisation, and ongoing supervision from then on.



How BDO Can Support Financial Institutions in Meeting Regulatory Requirements

Financial Institutions (FIs) face increasing regulatory expectations—particularly with the introduction of MiCA and DORA.

BDO Malta provides end-to-end support tailored to the needs of Financial Institutions:



Strategic Guidance: We help you align your operational structure and business model with regulatory expectations across core areas such as governance, capital requirements, safeguarding, and reporting.



Licensing & Authorisation Support: Our team supports FIs at every stage of the licensing process—from preparing applications and business plans to liaising with the Malta Financial Services Authority (MFSA).



Compliance Audits: We conduct detailed assessments of your internal controls and procedures, identifying gaps and supporting alignment with applicable regulatory frameworks.



Policy & Document Review: We review internal documentation, including customer disclosures, risk frameworks, and governance policies to ensure consistency and regulatory soundness.



Audit & Assurance Services: Our statutory and regulatory audit services provide transparency, financial integrity, and confidence to regulators, partners, and stakeholders.



Corporate & Financial Management Services: Whether you're setting up a new entity or relocating to Malta, we provide fully managed support including company formation, accounting, tax compliance, and financial reporting.

FOR MORE INFORMATION:

BDO MALTA

Triq it-Torri Msida
MSD 1824
Malta

Tel: +356 2342 4000

info@bdo.com.mt

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