



**Licensing and Supervision
of Electronic Money
Institutions**

September 2026

Question 1: Who can set up an Electronic Money Institution?

- Electronic money (e-money) is broadly defined as an electronic store of monetary value on a technical device that may be widely used for making payments to entities other than the e-money issuer (source: ECB).
- Electronic money services in the Republic of Cyprus may **only be provided by an electronic money institution which has been granted an authorisation by the Central Bank of Cyprus (CBC) or by any other member state of the European Union (EU).**
- An **authorisation** for the operation of an electronic money institution **is only granted to a legal person** which has been **incorporated and has its head office in the Republic of Cyprus.**
- The **following persons** may provide electronic money services **in the Republic of Cyprus without obtaining the prior approval of the CBC:**
 - **Banks** licensed by the CBC or by a competent supervisory authority of another EU member state.
 - **Cooperative credit institutions** which have been licensed by the Authority for the Supervision and Development of Cooperative Societies of Cyprus.
 - **Institutions** which provide postal payment services and which issue electronic money by virtue of relevant legislation.
 - **The European Central Bank and national central banks** when not acting in their capacity as monetary or other public authorities.
 - **Member states** or their regional or local authorities when not acting in their capacity as public authorities.
 - **Electronic money institutions** that have been granted and maintain a valid authorisation to operate by the competent supervisory authorities of other EU member states.These institutions may either exercise the right of establishment or the right to provide services on a cross - border basis, provided that the competent authorities of the home member state submit to the CBC a notification.

Question 2: Are there any restrictions?

Restrictions exist on:

- The Board of Directors of the applicant institution.
 - The majority of the Board of Directors of the electronic money institution shall be independent from the shareholders.
- The amount of the initial capital that electronic money institutions are required to maintain.
 - A legal person applying for authorisation shall maintain, at the time of authorisation, an initial capital of at least EUR 350.000.
- The amount of own funds that electronic money institutions are required to maintain.
 - Capital requirements for the issue of electronic money shall be equal to 2% of the average value of electronic money in circulation.
 - Capital requirements for the provision of payment services not connected with the issue of electronic money are defined by the Central Bank in one of the following three methods:

Method A

- The electronic money institutions own funds shall amount to at least 10 % of its fixed overheads of the preceding year.
- This amount may be adjusted in the event of a material change in an electronic money institution's business since the preceding year.
- Where an electronic money institution has not completed a full year's business by the date of the calculation, the requirement shall be that its own funds amount to at least 10 % of the corresponding fixed overheads as projected in its business plan, subject to any adjustments at the request of the Central Bank.

Method B

- Where payment volume (PV) represents one twelfth of the total amount of payment transactions executed by the electronic money institution in the preceding year:
 - 4,0 % of the slice of PV up to EUR 5 million, plus
 - 2,5 % of the slice of PV above EUR 5 million up to EUR 10 million, plus
 - 1 % of the slice of PV above EUR 10 million up to EUR 100 million, plus
 - 0,5 % of the slice of PV above EUR 100 million up to EUR 250 million, plus
 - 0,25 % of the slice of PV above EUR 250 million
- The electronic money institution's own funds shall amount to at least the sum of the above elements multiplied by the scaling factor k which is defined as 0,5 , 0,8 or 1 according to the payment services provided.

Method C

- The electronic money institution's own funds shall amount to at least the relevant indicator (refer to point a below), multiplied by the multiplication factor (refer to point b below) and by the scaling factor k which is defined as 0,5 , 0,8 or 1 according to the payment services provided.
 - (a) The relevant indicator is the sum of the following:
 - (i) interest income less interest expenses,
 - (ii) commissions and fees received, and
 - (iii) other operating income.
 - (b) The multiplication factor shall be:
 - (i) 10 % of the slice of the relevant indicator up to EUR 2,5 million;
 - (ii) 8 % of the slice of the relevant indicator from EUR 2,5 million up to EUR 5 million;
 - (iii) 6 % of the slice of the relevant indicator from EUR 5 million up to EUR 25 million;
 - (iv) 3 % of the slice of the relevant indicator from EUR 25 million up to 50 million;
 - (v) 1,5 % above EUR 50 million.

Question 3: Summary of the process

- Legal persons interested in obtaining an authorisation for providing electronic money services, must
 - complete and submit to the CBC an **Application for authorisation as an Electronic Money Institution (EMI)**
 - ensure that all required data and documents are included in the application before submitting it to the CBC (refer to question 4)
- Legal persons
 - (a) which hold/propose to hold, directly or indirectly a shareholding of 10% or more in the share capital of the applicant **or**
 - (b) which are partners in an applicant partnership must complete the **Questionnaire QHL**
- Natural persons
 - (a) who hold /propose to hold directly or indirectly a shareholding of 10% or more in the share capital of the applicant
 - (b) who are partners in an applicant partnership **and**
 - (c) who are directors/proposed directors of the applicant as well as persons who will be responsible for the management of the applicant must complete the **Questionnaire QHN**
- Natural persons
 - (a) Each member of Management Body **or**
 - (b) A key function holder of the applicant must complete the **Questionnaire MMB-KFH** as well as a **Time Commitment Table**.

Additionally, each UBO is required to submit a Net Wealth Statement.

Question 4: Information required to be submitted

For the purpose of obtaining an authorisation as an electronic money institution, interested persons must submit

- an application to the CBC
- accompanied by the following information and documents
 - a. **a program of operations**, setting out in particular the issue of electronic money and the type of any possible payment services envisaged
 - b. **a business plan including a forecast budget calculation for the first three financial years**, which demonstrates that the applicant is able to employ the appropriate and proportionate systems, resources and procedures to operate soundly
 - c. **evidence that the legal person applying for authorisation holds the required initial capital of at least EUR 350.000**
 - d. **a description of the measures** taken to safeguard the funds of electronic money users
 - e. **a description of the applicant's governance arrangements and internal control mechanisms**, including administrative, risk management and accounting procedures, which demonstrates that these governance arrangements, control mechanisms and procedures are proportionate, appropriate, sound and adequate
 - f. **a description of the internal control mechanisms which the applicant has established in order to comply** with obligations in relation to the Prevention and Suppression of Money Laundering Activities Laws of 2007 and 2010 on information on the payer accompanying transfers of funds, as amended or replaced
 - g. **a description of the participation of the applicant in a national or international payment system** as well as the intended arrangements for outsourcing of operational activities, the intended use of agents and branches and the intended use of natural or legal persons for the distribution and redemption of electronic money
 - h. **the identity of the persons that have, directly or indirectly, control of the applicant, including the identity of the natural persons that hold, directly or indirectly, shares or voting rights** in one or more legal persons that have control of the applicant, as well as details on the size of the actual participation of these persons and their suitability, taking into account the need to ensure the sound and prudent management of an electronic money institution
 - i. **the identity of directors and persons responsible for the management of the electronic money institution** and, where relevant, persons responsible for the management of the issue of electronic money and the provision of payment services activities, as well as **evidence that they are of good repute** and possess appropriate knowledge and experience to issue electronic money and perform payment services, and in particular **copy of clean criminal record report, no bankruptcy report, description of professional and academic qualifications, managerial or board positions held in other legal persons, previous employments and experience in the issue of electronic money and the provision of payment services**
 - j. **the identity of statutory auditors**
 - k. **the applicant's legal status and articles of association**
 - l. **the address of the applicant's head office**
 - m. **a draft contract between the electronic money issuer and the electronic money holder and the draft framework contract**

- n. the **process for filing, monitoring, tracking and restricting access to sensitive payment data**
- o. the **procedure for monitoring, handling and following up on security incidents and security-related customer complaints** and
- p. a **security policy** document, including a description of the IT systems and a detailed risk assessment of the electronic money institution.

IMPORTANT NOTE

- No authorisation shall be granted by the CBC unless it has been satisfied that the electronic money institution maintains an adequate organisational framework for its electronic money services business.
- This includes
 - 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,
 - **adequate internal control mechanisms**, including sound administrative and accounting procedures.
- Therefore, applicants must ensure that the arrangements, procedures and mechanisms described in their business plan are comprehensive and proportionate to the nature, scale and complexity of the electronic money services applied for.

Question 5: How long does the CBC approval process take?

- **Within three months of receiving a duly completed application** for authorisation as an electronic money institution, the CBC shall decide on the application and notify the legal person applying for authorisation of the approval or the rejection of the application.
- An application shall be considered as being duly completed only if it is submitted with all the required information (refer to question 4).
- Rejection of an application shall be duly justified.

Question 6: Are there any application fees?

The following fees are applied for each application:

- Applicants shall pay an amount of EUR 5.000 at the time of submitting their application to CBC to operate as an electronic money institution
- Where an electronic money institution wishes to extend its existing operating authorisation to additional payment services (Services 1-7 of Annex I of the Law) it shall pay the amount of EUR 1.000 for each additional service requested or EUR 500 if the additional service is service 8 of Annex I of the Law

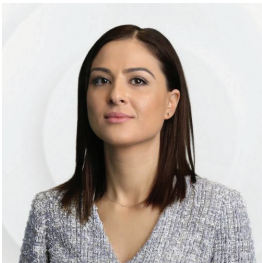
How Deloitte can help

Our services with regards to the licensing of an Electronic Money institution include the full spectrum of services required:

- Preparing the Application
- Preparing a detailed time plan for the full establishment and full function of the Electronic Money Institution
- Drafting the required questionnaires
- Compiling the appropriate and relevant information
- Advising on Management structure
- Designing and drafting a Business Plan including:
 - Strategy/Market and client target/Customer journey
 - Organisational structure
 - Financial projections
 - Operational procedures
 - AML procedures
- Designing the required IT Architecture
- Communicating with CBC on behalf of client
- Acting as liaison /Project management
- Testing the IT systems ahead of going live
- Internal Audit
- External Audit
- Tax compliance
- Legal services

Reach out

If you require any further information on any of the issues mentioned in this material and on how Deloitte can help you address the challenges ahead, please do not hesitate to contact



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