


Electronic Money & Payment Institutions



The new era of banking

Helping you navigate
the regulatory maze





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.

The regulatory framework

Cyprus has harmonized its legislation with the relevant EU directives and practices governing the operations of Payment Institutions (“PI”) and Electronic Money Institutions (“EMI”).

The establishment and regulation of EMIs and PIs in Cyprus is governed by the Law 81(I)/2012 (the “Electronic Money Law”) and Law 31(I)/2018 (the “Payment Institutions Law”) respectively, as amended. Both the Electronic Money and Payment Institutions Laws are in alignment with the latest EU legislative developments, including the EU Directive 2015/2366 on payment services in the internal market (the “2nd Payment Services Directive”).

The transposed provisions of the 2nd Payment Services Directive within the respective Cyprus legislation broadens the scope of payment services regulation within the EU and introduces third party payment service providers (“TPPs”) within the scope of regulation for the first time. It also introduces changes to conduct of business requirements aimed at improving consumer protection and competition and changes to security and transparency requirements.

Expansion of your business in the European Union

Both PI and EMI, once established and duly licensed in Cyprus, may offer their services freely within the EU on a cross-border basis or by establishing branches through the so-called “EU passporting process”, without any further authorization from the Central Bank of Cyprus (“CBC”) as they benefit from EU rules on freedom of provision of services.

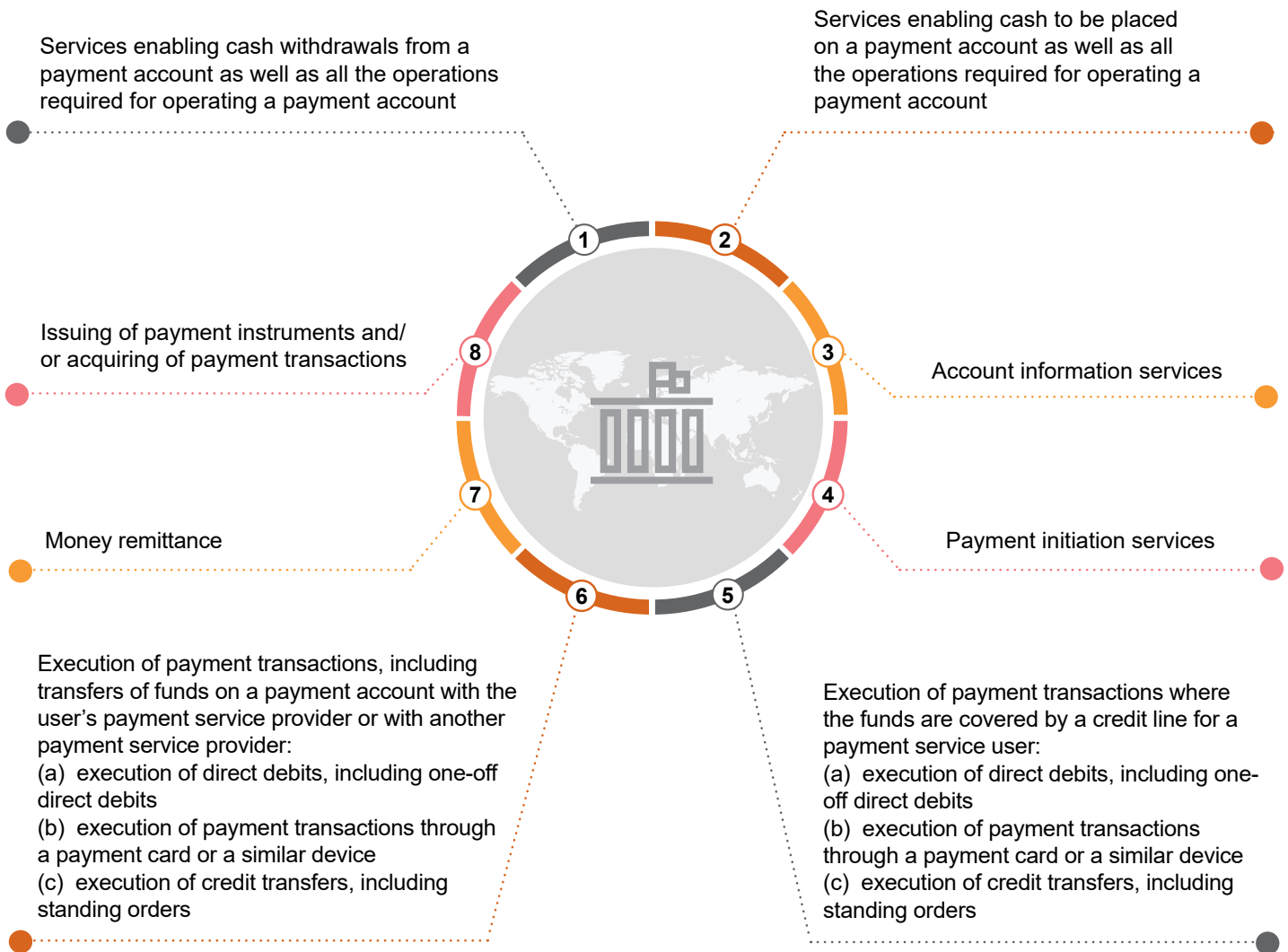
Any Cypriot PI or EMI wishing to expand its business in the EU either under the freedom of establishment or under the freedom to provide services, shall notify its intention to the CBC providing the required information as stipulated by the relevant legislation.

The advantages of setting up an EMI or PI in Cyprus

- EU member state compliant with EU laws and regulations
- Eurozone member, making penetration in EU markets easier
- Cost-effective setting up and on-going operational services
- English is the business language
- Opportunities in the local corporate and institutional market
- Convenient time zone for conducting 24 hour a day business
- Favourable tax system. (e.g. no withholding tax on dividend distributions to foreign shareholders, 12.5% corporation tax with possibility to drop up to 2.5% due to Notional Interest Deduction (NID), tax incentives for non-domiciled tax residents etc.)
- Availability of highly qualified professional service providers (e.g. accounting firms, legal firms, consultancy firms etc.)
- Efficient regulator, Central Bank of Cyprus (CBC), which provides streamlined procedures, reduced bureaucracy and lower regulatory fees
- Sophisticated infrastructure (including digital networks and technology support)



Services offered by a PI



PwC Services

At PwC Cyprus, we stand ready to help you address any challenges. We have a dedicated financial services team, fully integrated into our global network, with the latest strategic, operational and technical insights that can deliver expert opinions on likely fiscal, legal and financial developments on your business. At the same time we have a dedicated team specializing in the provision of advisory services to PIs and EMIs that are ready to guide you through all the practical and regulatory requirements necessary to implement your solutions end to end.

Our services include:



Strategy & planning

- IT consulting and assurance
- Communicating with the CBC on behalf of the applicant
- Follow-up of the processing of the application with the regulator
- Acting as liaison/project management



On going support

- External or internal audit
- Tax and VAT compliance
- Advising on management structure, corporate governance and conflict of interest matters
- Full legal, accounting and auditing services
- Consulting services on the national and EU applicable legal framework



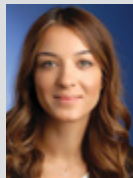
Execution & implementation

- Designing and drafting the required application documents including:
 - Strategy/Market and client target/Customer journey
 - Organizational structure
 - Business plan
 - Financial projections
 - Operational procedures and policies
 - AML procedures
 - Submission of application package, as promoters
- Preparing a detailed time plan for the full establishment and function of the EMI/PI
- Drafting the required questionnaires

Contact us



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