

Key Risks & Delays in EMI/MSB Licensing

A Professional Advisory by HPT Group

Executive Summary

Obtaining a license as an Electronic Money Institution (EMI) or Money Services Business (MSB) is a complex, multi-stakeholder process involving regulatory scrutiny, compliance infrastructure, and cross-border coordination. Clients often underestimate the timelines and overestimate regulatory tolerance for deficiencies.

This guide outlines the most common risks and causes of delay in EMI and MSB license applications across jurisdictions such as the UK, EU, Canada, and the U.S.—and how HPT Group mitigates them through precise execution and strategic partnerships.

1. Inadequate Compliance Framework

Risk: Submitting a license application without a fully customized and regulator-aligned AML/CTF program, risk matrix, safeguarding framework, or compliance manual.

Impact:

- Application rejection or suspension
- Long delays in follow-up queries
- Risk of being blacklisted by regulator for future attempts

HPT Solution: Our legal teams prepare jurisdiction-specific documents aligned with FATF, PSD2, BSA, or FINTRAC regulations, including ICAAPs, AML/CFT frameworks, and internal governance charters.

2. Insufficient Economic Substance

Risk: Lack of meaningful presence—no local office, non-resident directors, or outsourcing core functions.

Impact:

- Rejection under economic substance rules
- Breach of local company law or substance declarations
- Denial of access to banking or tax treaties

HPT Solution: HPT ensures real substance with vetted local directors, genuine office lease agreements, and payroll compliance when needed.

3. Weak Capitalization or Bank Rejections

Risk: Capital not in place before application or failing to demonstrate sufficient liquidity. In the U.S., poor bonding arrangements also contribute to failure.

Impact:

- Application deemed incomplete
- Delay in opening safeguarding accounts
- Denial of license despite business plan readiness

HPT Solution: We assist in setting up escrow or dedicated pre-licensing accounts, and liaise with EMI-friendly and MSB-friendly banks globally.

4. Regulatory Backlog or Review Cycles

Risk: Certain regulators (e.g., FCA, Central Bank of Ireland, FINTRAC) are known for long review cycles, especially post-Brexit or post-COVID backlogs.

Impact:

- Licensing timelines stretch from 3 months to over 12 months
- Expired documentation leads to resubmissions
- Opportunity cost and cash flow disruptions

HPT Solution: We time submissions based on regulator cycles and maintain rolling compliance calendars for seamless document updates.

5. Inexperienced Key Persons

Risk: Proposed directors, compliance officers, or MLROs lack the required experience or show regulatory red flags in background checks.

Impact:

- Fitness and propriety tests fail
- Mandatory interviews go poorly
- Regulatory confidence eroded

HPT Solution: HPT sources qualified professionals with clean records and prior experience in financial licensing, often backed by insurance and vetting.

6. Cross-Border Ownership Complexities

Risk: Ultimate Beneficial Owner (UBO) is from a high-risk jurisdiction or uses layered structures involving offshore trusts or nominee arrangements.

Impact:

- Heightened scrutiny under AML/CTF
- Delay or refusal to proceed with application
- Additional documentation required (e.g., source of funds, notarised structure charts)

HPT Solution: We work with clients to restructure ownership transparently, prepare notarised and apostilled corporate trees, and draft UBO disclosures that meet regulator expectations.

7. Lack of Legal Representation or In-Country Liaison

Risk: Self-filing or using inexperienced incorporators who are not licensed practitioners in the jurisdiction.

Impact:

- Immediate rejection of submissions
- No ability to respond to regulator queries
- Legal non-compliance

HPT Solution: Every HPT engagement includes legal coordination through our licensed local partners, ensuring defensible and regulator-facing representation at every step.

Conclusion

EMI and MSB licensing is not a template-based, fill-and-go process. It is a rigorous exercise in regulatory credibility, substance legitimacy, and governance maturity.

HPT Financial Group mitigates the risks and eliminates the bottlenecks—so your license is not just issued, but defensible, bankable, and sustainable.

HPT Group — Structured. Compliant. Licensed.