How to License a PSP in the EU or UK

Professional Guide by HPT Group

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Executive Summary

A Payment Service Provider (PSP) license is a regulatory approval that enables businesses to offer payment processing services such as credit card acquiring, payouts, remittances, virtual IBANs, and direct account settlements. In both the European Union (EU) and the United Kingdom (UK), PSPs must meet rigorous compliance, capital, and operational readiness requirements under local regulations (PSD2 in the EU and PSRs in the UK).

HPT Financial Group assists clients in planning, structuring, and obtaining PSP licenses across leading EU jurisdictions and the UK, offering complete legal, compliance, and operational support through its licensed partners and financial infrastructure providers.

What Is a PSP License?

A PSP license authorizes entities to:

- Execute payments on behalf of third parties
- Accept funds from users and transfer them to merchants or other recipients
- Provide IBANs for outgoing payments (non-EMI)
- Offer payment initiation and account information services (PISP & AISP under PSD2)

Unlike EMIs, PSPs do not issue electronic money. They operate on a flow-through basis and are not allowed to hold client funds unless registered with safeguarding mechanisms or under limited authorization.

Key Jurisdictions for PSP Licensing

1. EU (European Economic Area) PSP License

Governing Law: PSD2 (Payment Services Directive 2)
Regulatory Authorities: Central banks and financial regulators in each EU member state (e.g., Bank of Lithuania, CNMV Spain, MFSA Malta)

Highlights:

- Passporting across the EU
- Capital requirement: typically €125,000
- Physical presence required (local director, AML officer)
- Must comply with AMLD5 and GDPR
- Operational and safeguarding policies mandatory
- Licensing timeline: 6–9 months

2. United Kingdom PSP License

Governing Law: Payment Services Regulations 2017
Regulator: Financial Conduct Authority (FCA)

Highlights:

- No EU passporting post-Brexit
- Capital requirement: £125,000
- Local compliance officer, director, and registered address required
- Detailed safeguarding and wind-down plans required
- Operational systems and IT infrastructure must be ready at pre-licensing stage
- Licensing timeline: 9–12 months

Types of PSP Licenses

Type	EU / UK Term	Description
Authorised PSP (A-PSP)	Full Payment Institution (FPI)	Full rights to provide all regulated payment services
Small PSP (S-PSP)	Small Payment Institution (SPI)	Lower thresholds, limited services, no passporting
PISP	Payment Initiation Service Provider	Initiate bank payments on behalf of users
AISP	Account Information Service Provider	Access and aggregate user account data

Licensing Process Overview

1. **Jurisdiction Selection & Regulatory Review**
    - Compare licensing burdens, passporting potential, and timelines.
    - HPT assists in selecting optimal EU country or the UK for the business model.
2. **Entity Incorporation & Local Presence**
    - Register legal entity, appoint local officers (director, AML), and lease office space if required.
3. **Business Plan & Policy Framework Development**
    - Draft 3–5 year business plan, AML/CFT procedures, IT security policies, complaints handling, etc.
4. **Capital & Safeguarding Arrangement**
    - Capital must be deposited before license issuance.
    - Safeguarding mechanism for client funds (e.g., dedicated account, insurance).
5. **Application Submission**
    - Submit full documentation to the regulator; respond to queries and attend interviews.
6. **Final Approval & Operational Readiness**
    - Fulfill final conditions (e.g., staffing, capital verification, systems audit).
    - Begin offering services upon license issuance.

Required Documentation (Typical)

- Legal entity documents
- Personal ID and CVs of directors/owners
- Financial projections and business plan
- Internal control policies (AML, KYC, data protection)
- Risk management and safeguarding arrangements
- Organizational and governance structure
- Contracts with IT providers, banks, or processing partners

Timeline & Cost Summary

Jurisdiction	Capital Requirement	License Timeframe	Passporting Available
EU (e.g., Lithuania, Malta)	€125,000	6–9 months	Yes (EEA-wide)
UK (FCA)	£125,000	9–12 months	No (UK only)

How HPT Helps

HPT Group delivers complete PSP licensing solutions:

- Strategic jurisdiction selection
- Incorporation and local substance setup
- Application and documentation drafting
- Regulator interface and pre-approval support
- Post-licensing compliance onboarding
- IBAN issuance, card processing, and banking introductions

We work with regulated partners in the EU and UK to ensure your licensing journey is fully compliant, efficient, and future-proof.

HPT Group – Licensing, Banking, Compliance. Delivered Globally.