

How to create a Payment Institution in Spain



Money remittance (cross-border money transfer) is a licensed service and it may only be carried out by entities duly authorised such as Payment Institutions. Payment Institutions may benefit from the EU passport and render cross-border services in other EU Member States by means of establishing a branch, through the freedom to provide services or appointing agents.

Authorisation procedure

The application for the creation of a Spanish Payment Institution must be submitted with the Spanish Public Treasury (*Dirección General de Tesoro y Política Financiera*). The process may legally take a maximum of 3 months since the application form is completed. If an official reply is not formulated within the aforementioned period, the application will be deemed rejected.

Authorisation is granted by the Minister of Economy and Finance, prior favorable report from the Bank of Spain and the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences (*Seplac*).

Once the authorisation is granted, the Payment Institution must be incorporated into the Spanish Mercantile Registry (*Registro Mercantil*). Afterwards, the entity and its administrators must be incorporated into the Special Registry of the Bank of Spain.

Supervisory authority

Payment Institutions in Spain are supervised by the Bank of Spain.

Regulatory framework

The legal conditions governing the establishment of a Spanish Payment Institution are laid down in the Law 16/2009, of 13 November, on Payment Services and Royal Decree 712/2010, of 28 May, on the legal regime for the Payment Services and Payment Institutions.

Capital and shareholders

The minimum share capital of the payment institutions is 20,000 Euros (for those exclusively dedicated to money remittance). The aforementioned share capital requirement will be increased if other payment services different from the money remittance are carried out.

The Payment Institutions' shareholders may be either individuals or legal entities. Shareholders who own holdings which may result in significant influence are subject to suitability requirements.

Requirements to carry out their activity

Spanish payment institutions, which will be incorporated as a public limited company (*Sociedad Anónima*) or a limited liability partnership (*Sociedad Limitada*), will have sound administrative and accounting organisation. Defined procedures and adequate internal control processes for the detection of money laundering and terrorist financing and processes to guarantee the funds received by the clients are required.

Central administration

The registered seat and central administration of a Spanish Payment Institution must be in Spain.

The Payment Institution administrators must evidence their commercial and professional honorability. Likewise they must be experienced and must have adequate knowledge to carry out payment services. These requirements will be applicable to those acting as general managers. It will result compulsory their incorporation into the Bank of Spain Official Registry of Payment Institutions Top Management.