EXIT THE BREXIT

Guide to settle your fintech business in Lithuania

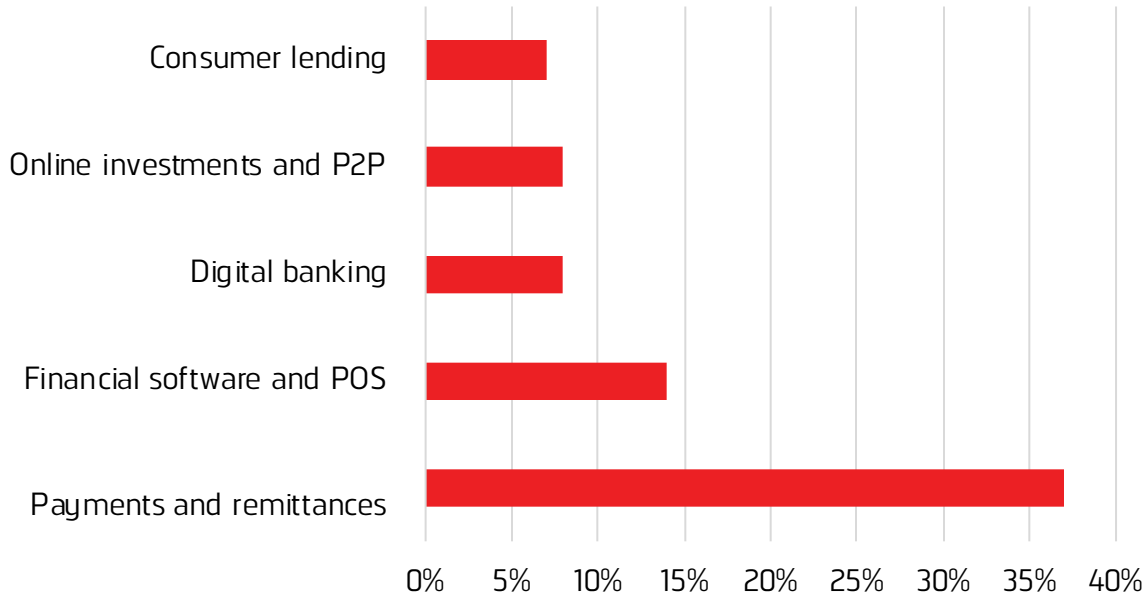
M&A | MOTIEKA AUDZEVIČIUS

Why fintechs choose Lithuania?

- Fintech-friendly regulation
- Infrastructure and opportunities for innovation
- Competitive costs and availability of talent pool
- Ease of doing business
- Support from government

Source - Invest Lithuania Survey, 2019

Key business activities



Source - Invest Lithuania, December 2019

Lithuania's fintech hub at a glance

210

Fintech companies[1]

#11

Global ranking for ease of doing business[2]

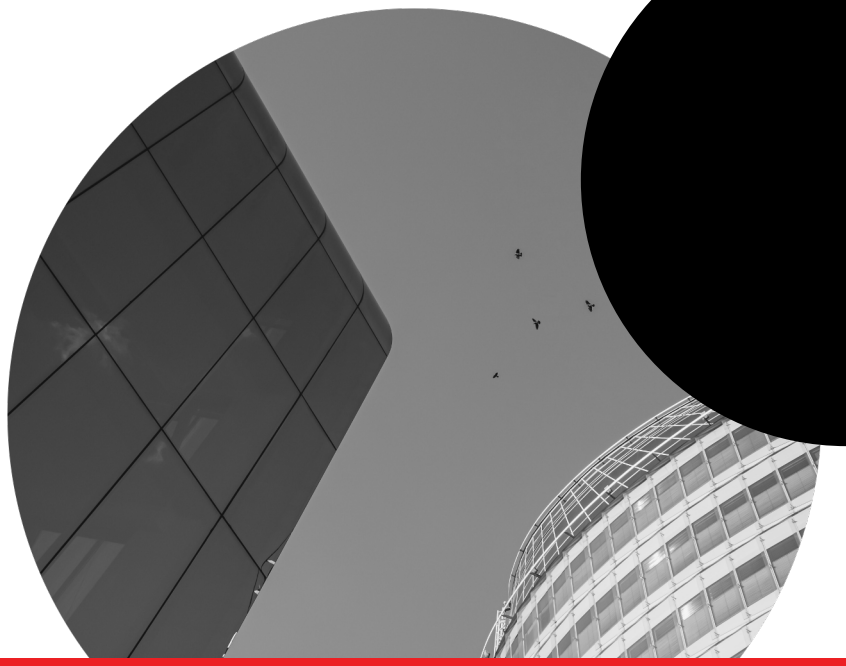
#1

Global ranking of Vilnius in Tech Startups FDI Attraction Index[3]

#4

Lithuania's position in the Global Fintech Ranking[4]

1 - Invest Lithuania, 2019
2 - World bank, 2019
3 - FDI Intelligence, Tech Start-up FDI Attraction Index 2019
4 - Findexable, Global Fintech Index 2020



A single license for 28 EU countries with access to

25 M
small and medium enterprises[6]

513 M
customers[7]

7350
banks and credit unions[8]

Source – Invest Lithuania
6 – Annual report on European SMEs, 2018
7 – Eurostat, 2018
8 – Eurostat, European Central Bank 2017

Jurisdictions with the largest number of licenses issued[9]

Jurisdiction	Electronic money institution (EMI)	Payment Institution (PI)	Specialised bank
UK	154	370	
Lithuania	62	35	5
France	14	63	
Germany	7	64	
Netherlands	5	52	
Malta	16	24	
Ireland	12	18	
Luxembourg	8	12	

Source – Invest Lithuania, 2019
9 – EUCLID register, European banking authority, data as of the end of 2019

Scope of activities

Financial service	PI license	EMI license	Specialised bank
Receipt of cash and placement to the payment account	Yes	Yes	Yes
Cash withdrawal	Yes	Yes	Yes
Money transfers	Yes	Yes	Yes
Credit line	Yes	Yes	Yes
Issuing of payment cards and other instruments	Yes	Yes	Yes
Money remittance	Yes	Yes	Yes
Payment initiation service	Yes	Yes	Yes
Account information services	Yes	Yes	Yes
Currency exchange	Yes	Yes	Yes
Issuing of e-money	No	Yes	Yes
Opening an e-money account	No	Yes	Yes
Receipt of deposits	No	No	Yes
Lending (including mortgage loans)	No	No	Yes
Finansial lease (leasing)	No	No	Yes
Provision of financial assurances and guarantees	No	No	Yes
Financial meditation	No	No	Yes
Administering of money	No	No	Yes
Credit rating services	No	No	Yes
Lease of safes	No	No	Yes
Investment services	No	No	No

Time framework to get a license

Type of the license	Decision to issue a licence by BoL* takes
EMI	3 months
PI	3 months
Specialised bank	6 months

* Bank of Lithuania

Minimum initial capital requirements

Type of the license	Initial capital, EUR
EMI	350,000
PI	20,000–125,000*
Specialised bank	1,000,000

* Depends on the type of payment services provided

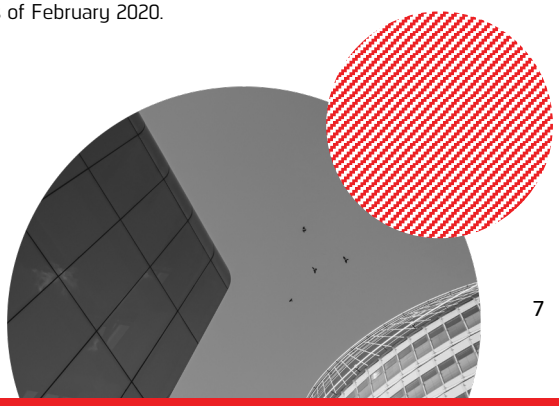
Licensing, incorporation and other costs, EUR

Notary fee	400–500
Company registration fee	60
License fee for PI	898
License fee for EMI	1,463
License fee for Specialised bank	4,157

Workplace cost per month, EUR

Experience level	Junior, 1-3 years	Mid., 3-5 years	Senior, 5 years +
Country Manager	n/a	5,586	7,603
Compliance Officer	n/a	2,845	3,810
Compliance Manager	n/a	3,785	4,947
Compliance Assistant	1458	2,243	n/a

Compliance sources: Alliance for Recruitment, Amston, People link. Data as of February 2020.



The application process

STAGE 1: NEWCOMMERS MEETING

- Initial contant with the regulator
- Preparation of a business model

STAGE 2: PREPARATION OF THE APPLICATION

- Submission of the notification to the National Security Commission
- Preparation of the business plan, program of operations and other documents
- Preparation of the application's information about shareholders, UBOs, management board and other chief officers

STAGE 3: LICENSING PROCESS

- Submission of the documents to the Bank of Lithuania
- Answering to the remarks, adjusting documentation
- Active participation in the process of evaluation

STAGE 4: FINALISING

- After receiving of the license, incorporating the company
- Connecting to CentroLINK

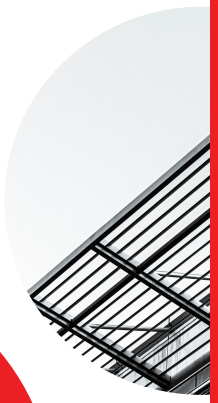
The Newcomer Programme by the Bank of Lithuania

The Newcomer Programme helps potential financial market participants evaluate their opportunities in Lithuania and gives an insight on legislative and licensing requirements for businesses aiming to start their activities in the country.

Development of a FinTech-conducive regulatory and supervisory ecosystem as well as fostering of innovation in the financial sector is one of the Bank of Lithuania strategic directions. Together with other state authorities, the Bank of Lithuania aims at creating a FinTech-friendly environment that would attract new companies and encourage them to incubate new products in the country.

Following this direction, the Newcomer Programme is a one-stop shop for:

- Meetings and consultations with potential financial market participants
- Basic information about licensing and financial services opportunities in Lithuania
- Requesting meetings, consultations via email or phone on launching a business or a new product
- Checking whether your future plans are in line with legislative and licensing requirements



Source: The Bank of Lithuania, lb.lt

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