



Authorisation as a Payment Institution in Ireland

The Central Bank of Ireland (the “**Central Bank**”) is the local regulator which licences Payment Institutions. It applies local rules which implement the EU’s Payment Services Directive. There is no “gold plating” in these rules and the Central Bank operates a transparent authorisation process which has a clear process and timetable. Key elements of an application assessment by the CBI are: (1) substance (2) viability and (3) strength of process.

Substance

The shorthand phrase is that the “mind and management” of the applicant firm must operate from Ireland. There is no set minimum number of staff rather the extent of the headcount will be driven by the levels of business activity planned and is something to be negotiated with the regulator. There is an expectation that key leadership positions will operate from Ireland and these would include roles such as chief executive, head of finance, an operational head as well as a head of compliance. A board of directors must meet in Ireland quarterly. It is not essential to have Irish resident directors but the Central Bank will require at least one independent non-executive director and such role is often filled by an Irish resident.

Outsourcing is possible and indeed is entirely normal for financial services firms. There are no special rules for Payment Institutions rather the Central Bank’s standard approach is applied – it expects outsourcing arrangements to be documented in a clear legal agreement, there must be key performance indicators and service levels in place which are part of a clear service management process, business continuity and an exit strategy need to be in place at the outset. Of paramount importance is the level of supervision exercised by the Payment Institutions from its Irish base – the staff responsible must have sufficient level of experience to be able to adequately supervise the outsource partner and this is the case even if it is to an entity in the same group.

Viability

The Central Bank will be concerned to ensure that the applicant is adequately capitalised post authorisation and has a business plan which gives it a reasonable prospect of long term viability. The capital requirements for an Payment Institutions are those set out in the EU Directive so will depend on the activities to be performed. The amounts of initial capital range from €20,000 to €125,000. Applicants are strongly advised to allow for a good buffer over the legal minimum amount.

Strength of Process in the Firm

The application process involves the applicant submitting summary details of all the key policies, processes and procedures which will be in place at the new firm. Generally actual policies and procedures do not need to be submitted but there are exceptions, for example full anti-money laundering procedure need to be submitted. For firms with existing businesses in other jurisdictions this ought not to be as much of a challenge as firms establishing completely new businesses.

Central Bank Application Process

The process for receiving an authorisation should take no longer than 90 business days from the date on which a complete application is submitted to and accepted by the Central Bank. A pre-meeting with the Central Bank is recommended. The application process has timeframes within which the Central Bank will return comments and the applicant must reply. 2 - 3 sets of comments can be expected. No application fees are payable to the Central Bank.