



Electronic Money Institution License in Latvia

Fast-track your e-money operations **with EU passporting**, SEPA access, and structured compliance.

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Introduction

Latvia is a European Union member state known for its fast-developing fintech sector, modern regulatory environment, and competitive tax regime. As part of the EU, an **Electronic Money Institution (EMI) license** issued in Latvia allows companies to offer e-money and payment services across the entire EU/EEA under passporting rights. With efficient licensing timelines and access to SEPA, Latvia has become an attractive jurisdiction for fintech businesses seeking scalability and regulatory credibility.

Who Should Read This?

If you are:

- Fintech founder
- Payment service providers
- Neobank, crypto-fiat platform
- PSPs looking to expand into the EU
- Seeking to issue IBANs, hold client funds, offer wallets, or operate under the PSD2 regime, get access to SEPA

...then this document is for you.

A Rising Fintech Gateway in Europe

Latvia is emerging as one of Europe's most forward-looking fintech jurisdictions, driven by a strategic rethink of regulation, infrastructure, and talent. Since early 2023, the Bank of Latvia (Latvijas Banka) took over fintech and EMI licensing, centralizing supervision and streamlining processes for applicants. This institutional reform aligns Latvia's oversight with EU standards and accessible entry.

Latvia doesn't just license fintech, it actively cultivates it. The central bank operates a **Fintech Innovation Hub** and **regulatory sandbox**, allowing startups to develop and test products in coordination with regulators. At the same time, the government has enacted a **national fintech development strategy**, prioritizing international outreach, capital and talent attraction, and SEPA infrastructure enhancement.

Moreover, in October 2024, Latvia became the first euro-area country to allow **non-bank payment service providers direct access to its central clearing system (EKS)**, leveling the playing field for EMIs and boosting payment efficiency.

On the ground, the Latvian fintech ecosystem is thriving. Fintech startups are growing rapidly - fintech company registrations climbed roughly 20% annually from 2018 to 2022. Riga is host to a vibrant fintech community, with innovation labs, accelerators, and events like the **Fintech Factor** and **Fintech Forum**, where founders can connect with regulators, investors, and peers.

Latvia also benefits from an **abundant tech and risk-compliance talent pool** and supportive associations. Organizations like **FinTech Latvia** and the **Investment and Development Agency of Latvia (LIAA)** offer mentorship, incubators, and international expansion support to fintech innovators.

Let's explore what that means and why this path is coming to prominence lately.



Latvia vs. other jurisdictions

What Makes Latvia Shine?

Latvia offers more than just compliance with EU payment laws - it brings innovation, efficiency, and a clear vision for fintech success.

1. Licensing Speed & Single Regulator

Latvia consolidated EMI licenses under the Bank of Latvia in 2023, replacing split oversight by FCMC. This streamlined structure results in faster, clearer application review. While jurisdictions like Lithuania or Malta may take 6–12+ months, Latvia often delivers initial feedback in 1–2 months, especially with its Regulatory Sandbox and Innovation Hub providing pre-application engagement.

2. Fintech-Friendly Support Programs

The Innovation Hub offers free, direct consultations with regulators - covering licensing, AML, IT security, and more. Meanwhile, the Sandbox allows you to test new services in real-world but controlled environments. Few EU regulators offer such hands-on, innovation-driven guidance.

3. Direct Infrastructure Access via EKS

Latvian EMIs can connect directly to the **Electronic Clearing System (EKS)** - the central bank's SEPA processing network - which delivers real-time clearing with higher uptime and much lower fees compared to commercial rails or systems like Lithuania's CENTROlink.

4. Cost-Efficient Not Just Speed

With a competitive **supervision fee of just 0.6% (min €3,000/year)** and lower operational overhead, Latvia wins on both time and budget.

Startups and scale-ups benefit significantly compared to jurisdictions where costs rack up in licensing, infrastructure, and overhead.

5. Strategic National Support & Talented Ecosystem

Latvia has formalized fintech strategy (2024–26) championing SEPA enhancements, talent visas, and tax incentives. With strong fintech associations like **Fintech Latvia**, **LIAA**, and **FinTech startups**, the ecosystem is rich with resources - from incubators to networking platforms.

6. Talent & Innovation Density

Roughly 1% of Latvia's population works in finance - hence there is a deep talent pool for hiring and partnerships. Plus, Latvia actively embraces advanced tech through internal initiatives (e.g., AI experiments, cloud adoption), signaling comfort and readiness to digital-first change.





What makes Latvia especially exciting is how it balances this full European access with pragmatism and agility. Unlike jurisdictions where license holders face long delays, strict local substance hurdles, or slow regulators, Latvia offers a responsive regulatory culture and strong support for innovation. The country actively encourages international payment institutions and fintechs to set up operations, not just by providing a license, but by creating an ecosystem - through its Innovation Hub, regulatory sandbox, and public-private cooperation - to help these companies grow and remain compliant as they scale across borders.

Moreover, Latvia's embrace of fintech is not symbolic - it is structural. With government-backed fintech strategies, growing international partnerships, and direct integration into core EU financial infrastructure like SEPA, Latvia is building the bridges that next-generation financial companies need. In short, obtaining an EMI license in Latvia isn't just about meeting legal requirements - it's a gateway to all of Europe, from a jurisdiction that actually wants you to succeed.

Comparison Summary Table

Feature	Advantage of Latvia	Other EU Jurisdictions
Regulator	Bank of Latvia - efficient and consolidated	Multiple agencies or slower
Licensing Time	Often under 3–4 months	6–12+ months
Pre-Licensing Support	Innovation Hub & Sandbox	Rare in comparison
Payment Infrastructure Access	Direct EKS membership	Typically indirect
Fees & Costs	Low (0.6% supervision fee, bare minimum €3K)	Higher operational costs
Ecosystem & Talent	Mature fintech scene + tax/talent incentives	Varies, often less cohesive

In summary: While EMI licensing is available across Europe, **Latvia stands apart** - with its expedited process, regulator collaboration, infrastructure access, lower costs, and thriving fintech ecosystem. It's not just an alternative - it's often the smartest strategic choice for fintechs aiming for efficient EU expansion.



“Passporting” in Europe

Latvia is quickly becoming one of the most strategically attractive jurisdictions in Europe for obtaining an Electronic Money Institution (EMI) license. What sets it apart isn't just the efficiency of its licensing process or the professionalism of the Bank of Latvia as regulator - it's the opportunity it offers for full integration into the **European Single Market** through **passporting under PSD2**.

The **Revised Payment Services Directive (PSD2)** is the European Union's cornerstone regulation governing payment institutions, including EMIs. It establishes a harmonized legal framework that allows licensed entities to “**passport**” their services across **all 30 EEA countries** (including the 27 EU member states plus Iceland, Liechtenstein, and Norway), without needing separate licenses in each country. Once your EMI is authorized in Latvia, you're legally allowed to operate across the entire EEA with just a simple notification process. This means a Latvian EMI can serve clients in Germany, France, the Netherlands, or Sweden with full regulatory backing under EU law.

Understanding PSD2 and Why It Matters

The Revised Payment Services Directive (PSD2) is the EU's regulatory framework that governs payment services across all 30 EEA countries (EU + Iceland, Liechtenstein, Norway). Introduced in 2015 and enforced from 2018, PSD2 replaced the earlier PSD1 (2007), modernizing the financial ecosystem to support innovation, security, and competition.

Unlike its predecessor, PSD2 enabled “open banking” - forcing banks to provide regulated third parties (like fintechs) access to customer accounts via secure APIs, with user consent. It also expanded the types of services under regulation and made it easier for licensed firms to scale across borders through passporting.

Key PSD2 Advancements:

- **Open Banking:** Required banks to share account data with AISPs and PISPs.
- **New Provider Categories:** Introduced licenses for:
 - AISPs (Account Information Service Providers)
 - PISPs (Payment Initiation Service Providers)
- **Stronger Security:** Mandatory Strong Customer Authentication (SCA) for electronic payments.
- **Consumer Protection:** Clear liability rules and complaint procedures.
- **EU Passporting:** A license from any EEA country (e.g., Latvia) allows operations across all 30 EEA states without extra licenses.

With Latvia offering a fast, regulator-friendly pathway to an EMI license, PSD2 becomes your gateway to Europe - legally, technically, and commercially.



What can you do with Latvian EMI

A Latvian Electronic Money Institution (EMI) license, issued by the **Bank of Latvia** under the **EU's PSD2 directive**, authorizes a broad scope of payment and e-money services. It gives regulated access to all **30 EEA countries** via passporting, making it an ideal foundation for pan-European fintech operations.

Permitted Activities under a Latvian EMI:

Issuance of Electronic Money

Latvian EMIs can issue and manage electronic money stored on client accounts or wallets. These funds are used for transactions, purchases, and merchant settlements. E-money must be redeemable at face value upon the user's request.

Payment Account Operations

Open and operate client accounts with unique IBANs. Offer payment infrastructure for individuals and businesses, including account funding, balance holding, and transaction history.

Money Transfers & SEPA Payments

Execute domestic and cross-border transfers via **SEPA** or **SWIFT**. This includes one-time credit transfers, recurring payments, and direct debits.

Card Issuing & Acquiring

Issue **physical or virtual debit/prepaid cards** linked to customer accounts. Act as a **card acquirer** to settle card-based payments on behalf of merchants or platforms.

Merchant Services & Settlement

Provide settlement services for merchants, platforms, and marketplaces. Support custom payment flows, platform commissions, split payments, and payout management.

Payment Initiation Services (PIS)

Initiate payments from a user's external bank account directly into the EMI ecosystem, provided the license includes this activity. Used in open banking models.

Account Information Services (AIS)

Access and aggregate user banking data with their consent. Provide dashboards, financial analytics, and account integration tools.

Named IBANs

Assign unique IBANs to end users under the EMI's master account. Useful for offering banking-like features for platforms or B2B clients.

Foreign Exchange (FX) Services

Offer FX conversions as part of payment services - e.g., convert incoming payments to the account's base currency. Pure trading/speculation is not allowed.

Wallets and App-Based Solutions

Design and operate digital wallets for individuals or businesses. Support top-ups, transfers, P2P payments, and multi-currency balances.

B2B and B2C Applications

Serve both retail and corporate customers. Enable embedded finance for SaaS, marketplaces, payroll processors, and cross-border commerce.



Regulatory and compliance requirements

While the Latvian EMI license offers wide operational flexibility, it comes with important regulatory requirements designed to protect end users, preserve financial stability, and ensure consistent compliance with EU directives such as PSD2 and EMD2.

Fund Safeguarding Obligations

All customer funds received in exchange for electronic money issuance or payment services must be safeguarded in accordance with **Article 10 of Directive 2009/110/EC (EMD2)** and national implementation rules.

Latvian EMIs may use either of the two approved safeguarding methods:

- 1. Segregation of Funds**

Client funds must be deposited into one or more accounts held with **EU-authorized credit institutions**, and **kept separate** from the EMI's own funds. These ring-fenced accounts must not be used for operational or business expenses.

- 2. Insurance or Comparable Guarantee**

Alternatively, EMIs may secure a policy or guarantee from an authorised insurer or bank. The guarantee must be equivalent in value to the safeguarded funds and payable in the event of insolvency. This method is less common in practice due to cost and availability.

Funds must be safeguarded **no later than the end of the business day** following the day on which they are received.

Reconciliation and Monitoring

Latvian EMIs are required to perform **daily internal reconciliation** between the total amount of safeguarded funds and the liabilities toward clients. Any discrepancies must be identified and corrected promptly. If the safeguarding method used is segregation, any shortfall must be immediately rectified to maintain full coverage of liabilities.

Limitations of EMI License

While EMIs can provide a wide array of payment and e-money services, the license comes with specific restrictions:

- **Lending is not permitted:** EMIs are not allowed to lend out client funds held in payment accounts or wallets.
- **Interest may not be paid** on customer balances, except in connection with separately authorised lending activity (e.g., under a credit institution license).
- **Use of safeguarded funds for investment is prohibited:** These funds may not be used to generate yield or fund business operations.



Reporting Obligations

Latvian EMIs must comply with a range of ongoing reporting duties to the **Bank of Latvia**, including:

- **Quarterly and annual financial reports**
- **Monthly operational activity reports**
- **Safeguarding confirmations**
- **AML/CTF reports and suspicious activity disclosures**
- **Notification of material changes** in business model, ownership, or executive structure

In addition, EMIs must undergo **annual external audits**, which include a review of safeguarding compliance, governance, and AML policies.

Treatment of Crypto Assets

As of current regulation, **Latvian EMIs are not permitted to hold or manage crypto assets on behalf of clients** as part of their licensed EMI activities. EMIs may, however, **interface with crypto platforms** (e.g., offer fiat on/off ramps or payment services to VASPs), provided:

- Crypto-related services are **clearly segregated** from regulated EMI activities;
- The EMI does not take custody of the client's crypto assets;
- The business model complies with **AML/CTF requirements** and is accepted by the regulator during licensing or reporting.

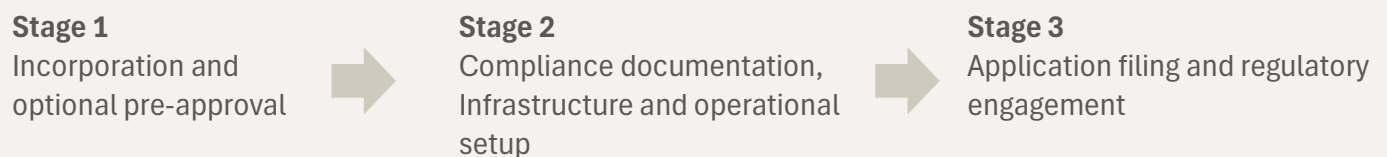
For direct crypto-related services (e.g., custody, exchange), a separate CASP registration may be required under Latvian law or another EEA jurisdiction, subject to local transposition of the EU's MiCA regulation.

Summary: a Latvian EMI license offers significant operational freedom, but it comes with strict regulatory obligations. Licensed entities must safeguard client funds through segregation or insurance, conduct daily reconciliations, and submit regular reports to the Bank of Latvia. Lending and investment of client funds are prohibited, and crypto exposure is restricted to non-custodial, clearly separated activities. These requirements ensure the safety of client assets and regulatory compliance, reinforcing the credibility of EMIs operating under the Latvian framework.



The Licensing Process

Obtaining an **Electronic Money Institution (EMI)** license in Latvia is a structured, multi-phase process guided by the **Bank of Latvia**. The procedure is designed to ensure that applicants meet EU-wide standards under **PSD2** and **EMD2**, while also encouraging innovative fintech projects through a cooperative and transparent licensing environment.



Stage 1: Incorporation and Legal Setup & Pre-Approval

The first step is to incorporate a Latvian legal entity, typically a **private limited company (SIA)**, which will act as the licensed institution. This entity must be established before submitting the license application.

- Registered legal address in Latvia is required.
- The company may initially be established with a minimum share capital of **EUR 2,800**, but **must increase to EUR 350,000** (the EMI minimum) before license issuance.
- Articles of association must reflect the scope of EMI activities and governance arrangements.
- A local legal representative or board member must be appointed to fulfil ongoing obligations.

Share Capital Requirements

The statutory minimum paid-up share capital for an EMI in Latvia is **EUR 350,000**. This must be:

- **Fully paid in cash** (crypto is not accepted as paid-in capital);
- Deposited into a **Latvian bank or EU-based institution**;
- Maintained throughout the operational life of the institution.

This capital serves as a financial buffer to support risk, operations, and regulatory stability. It must be available prior to license issuance but is **not required at the time of initial application submission**.



Staffing and Governance Requirements

The Bank of Latvia requires that the applicant demonstrate a competent and experienced management and compliance structure:

- **At least one board member must reside in Latvia.**
- The management team must have **relevant experience in payments, compliance, and risk.**
- An **AML Officer (MLRO)** must be designated and appropriately qualified.
- Internal control functions (risk, compliance, audit) may be **outsourced or fractional** in early stages, but the structure must be robust and well-documented.

Outsourced service providers (e.g., IT, back-office, AML software) must be disclosed and contractually defined.

Optional (but highly recommended!) Step: Pre-Approval by the Bank of Latvia

One of the unique advantages of licensing in Latvia is the ability to request a **non-binding preliminary opinion** (often referred to as **pre-approval**) from the regulator **before submitting a full license application**. This step provides:

- **Increased certainty** regarding the acceptability of your business model;
- Feedback on the preliminary **corporate governance, risk management, and target market**;
- A cost-effective way to validate your approach **before committing to capital, hiring, or full documentation.**

The pre-approval request typically includes a short-form business plan, description of services, planned team composition, and high-level compliance structure.

- Performed prior heavy investments into full setup
- Feedback is typically provided within **4–8 weeks.**

This process is **confidential and informal**, but offers meaningful insight into potential concerns or required adjustments, making it a highly recommended step - especially for innovative or cross-border fintech models.



Stage 2: Compliance documentation, Infrastructure and operational setup

After incorporation and pre-approval, the next step is to prepare the formal license application and build out the initial operational structure. This stage demonstrates your readiness to operate as a fully compliant EMI under EU and Latvian regulations.

Compliance Document File

The license application must include a full **compliance package**, tailored to your business model and risk profile. Key components include:

- **Business Plan (3–5 years)**
Detailing services, markets, projected volumes, revenue model, and risk factors.
- **Program of Operations**
Describes payment flows, fund safeguarding, IT systems, support, and outsourcing.
- **Organizational Structure**
Outlines governance, management, compliance roles, and third-party dependencies.
- **AML/CFT Policy Framework**
Includes risk assessment, KYC onboarding, transaction monitoring, SAR procedures, and MROS reporting.
- **Internal Control Policies**
Covers audit, risk, GDPR, outsourcing, and complaint handling.
- **Safeguarding Methodology**
Describes how client funds will be protected (segregated accounts or insurance), with supporting documents from partner institutions.
- **IT and Cybersecurity Overview**
Presents platform architecture, access controls, continuity plans, and incident response.

Generic templates are discouraged: documents must reflect actual structure and services.



Infrastructure Setup

To support the application, the following must be in progress or completed:

- **Technology Platform**
Core banking/payment processing software must be chosen or developed. This includes modules for client onboarding (KYC), transaction execution, reporting, and compliance monitoring. A functional demo or architecture description may be required.
- **Banking Setup**
Initiate setup of a safeguarding account with a licensed credit institution. While the full EUR 350,000 capital is not required yet, **proof of banking arrangements** is.
- **Vendor Agreements**
Agreements (or at least signed drafts) should be available for AML tools, KYC providers, IT security firms, and cloud infrastructure.
- **Data Protection Readiness**
GDPR compliance documentation and technical measures must be included if client data will be processed.

Team and Local Presence

- **Latvian-resident director or board member** is required.
- **AML Officer (MLRO)** must be qualified and experienced.
- **Fractional or outsourced roles** (compliance, risk) are acceptable in early stages.
- **Physical office or co-working space** in Latvia is required - virtual-only setups are insufficient.

Bottomline:

At this stage, the applicant is expected to be a **real, functioning organization**, not just a legal shell. While full operations may not begin until after license issuance, infrastructure and governance must be demonstrably in place. A well-prepared Stage 2 file significantly increases the likelihood of first-round approval.



Stage 3: Filing the Application and Regulatory Engagement

Once the documentation is finalized and the operational setup is in place, the applicant proceeds with the formal submission of the EMI license application to the Bank of Latvia. This stage initiates direct regulatory review and is essential for securing approval.

Share Capital Deposit

Before submission, the company must **fully deposit the minimum share capital of EUR 350,000** into a safeguarding account held with an authorised credit institution. A confirmation of deposit must accompany the application. The capital must remain **unencumbered and available** for the duration of the institution's operations.

Submission of Application File

The complete application file - consisting of all required policies, financial projections, corporate governance documents, AML/CFT framework, IT and operational plans, and evidence of local presence - is submitted via the Bank of Latvia's official communication channel. All documents must be in Latvian or accompanied by certified translations.

Supervisory Review and Dialogue

Following submission, the Bank of Latvia will begin **formal assessment**, which typically includes:

- Initial screening for completeness and coherence of the file
- Clarification requests on specific elements (e.g., risk models, AML controls, transaction flows)
- Follow-up **Q&A rounds**, written or oral
- Possible **online or in-person meetings** with responsible officers or key personnel

This interactive process may span several weeks or months, depending on the complexity of the business model and the quality of the submission. Applicants are expected to respond in a timely and professional manner to all regulator queries.

Conditional or Final Approval

If the application meets all legal and regulatory standards, the Bank of Latvia will issue either:

- **Conditional approval**, subject to completing minor tasks (e.g., final IT deployment, hiring confirmations), or
- **Final approval**, allowing the company to begin operations as a licensed EMI.

The entire review timeline typically ranges from **5 to 9 months**, depending on case complexity and applicant readiness & responsiveness.



Post-Licensing Support

Securing your EMI license is only the first milestone. The real work begins once you're authorized and regulators expect you to be fully operational, compliant, and staffed with capable leadership from day one. That's where BMP Global continues to support you. Our post-licensing services are designed to help you move from license approval to full-scale execution.

Talent & Governance

We assist in building your leadership and control function capacity, essential to meeting regulatory and internal governance standards:

- **Recruit and vet Board Members, CEOs, AML Officers, MLROs, CROs** and other critical roles.
- Provide **interim secondees** to occupy key functions while permanent hires are sourced and onboarded.
- Help ensure your management team reflects **substance, expertise, and independence**, aligned with Bank of Latvia expectations.

Physical Presence & Office Setup

Substance matters - not just legally, but operationally. We help you:

- **Secure office space** that meets regulatory expectations around physical presence, confidentiality, data security, and visitor controls.
- **Negotiate flexible lease terms** that scale with your growth and staffing levels.
- Set up **secure IT infrastructure**, access control, and local communication systems.

Legal & Operational Documentation

Running a compliant EMI requires robust documentation. We assist in drafting and maintaining:

- **Customer agreements**, onboarding disclosures, terms of use and privacy policies.
- **Internal policies**, including complaint handling, conflicts of interest, business continuity, outsourcing controls.
- **Regulator-ready templates** for internal reporting, incident tracking, and operational metrics.



Regulator Interaction & Filing Support

Once licensed, interaction with the Bank of Latvia continues. We help you:

- Manage **post-licensing notifications**, structure change filings, and service amendments.
- Respond to **supervisory requests**, clarifications, and questionnaires in a timely and professional manner.
- **Coordinate with auditors** and ensure your policies and controls stand up to scrutiny.

Strategic Tax & Cross-Border Structuring

As your business expands, so do the complexities. We offer advisory on:

- **Tax structuring**, including permanent establishment risks, VAT setup, and efficient profit repatriation.
- **Transfer pricing policies** to support internal billing between your Latvian EMI and related entities across the EU.
- Jurisdictional alignment for growth across **multiple EEA markets**.

At BMP Global, we position ourselves not just as license advisors - but as your long-term partner for sustainable fintech growth. We remain at your side to help ensure the operational success of your regulated entity from day one.





Taxation Overview

Taxation Overview: Latvian EMI-Licensed Entities

Latvia's tax regime offers considerable advantages for EMI-licensed businesses - particularly through its innovative corporate income tax structure and digital-first business environment.

Under the modern corporate tax system (Aug 2025), **corporate income tax (CIT) at 20% is only applied upon the distribution of profits**. Technically, it's a 20/80 calculation, equating to an effective tax rate of 25% on distributed amounts. Importantly, **undistributed profit remains untaxed**, which means that growth-focused companies can reinvest earnings without immediate tax liability, preserving capital for operational scale-up.

Direct Taxes

- **Corporate Income Tax (CIT):** 20% on distributed profits only; retained earnings are exempt.
- **Capital Gains:** Treated as ordinary income and taxed at 20% when distributed. Shares held for over 36 months may be awarded participation exemption.
- **Withholding Taxes:** Dividends paid to individuals or companies in the EU/EEA are often **0% taxable**, provided prior corporate tax compliance; otherwise, Personal Income Tax (PIT) applies at standard rates (25.5%)

Indirect Taxes & Labor Costs

- **Value-Added Tax (VAT):** Standard rate is **21%**, with reduced rates of 12% and 5% for qualifying services or goods. VAT registration is mandatory when turnover exceeds €50,000
- **Payroll Taxes:** Employers contribute 23.59% and employees 10.5% in social insurance. Income over €105,300 is subject to a solidarity tax, potentially raising the effective employer rate to ~25%
- **Non-Taxable Minimum:** A fixed allowance of €510/month applies to all employees in 2025, improving take-home pay

Pros of Latvia's Digital-Friendly Tax Model

- **Reinvestment without tax drag:** Retained earnings are not taxed unless distributed, encouraging business reinvestment.
- **Competitive edge for fintechs:** Large, undistributed capital can be allocated to technology, compliance, or licensing, helping early-stage companies scale.
- **VAT familiarity and predictability:** Clear VAT rates and thresholds make planning financial models easier for EMIs.
- **Boosted net salaries via allowances:** The flat non-taxable minimum improves employee compensation flexibility.



Cons & Considerations

- **Tax occurs upon distribution:** Companies that eventually distribute profits will face a 20% CIT, effectively 25% on net distributions.
- **Payroll tax burden is significant:** Social contributions combined with solidarity tax can make labor expensive.
- **Limited R&D tax incentives:** Latvia primarily offers direct funding; no consolidated R&D tax incentives exist for fintech innovation
- **No special fintech tax cuts:** Unlike some SEZs (e.g., Liepāja), there are **no CIT rebates or exemptions** for EMIs unless located in designated zones

State & EU Support

Latvia isn't just opening doors for fintechs - it's rolling out the red carpet. Through public agencies like **LIAA** (the Investment and Development Agency of Latvia) and EU-backed funds, fintech innovators receive significant support that amplifies both ambition and impact.

Smart Digitalization Grants

LIAA is investing heavily in business digitalization. Under its latest funding program, fintech and other firms can apply for up to **€200,000 in grants** - specifically for implementing AI, software, and tech infrastructure projects. Smaller digital maturity assessments and solutions can receive **100% funding up to €9,999**, while larger transformative projects receive **30–60% co-financing**, depending on company size.

Talent Attraction & Startup Incentives

Latvia's startup ecosystem is thriving - supported by visa schemes for non-EU founders, stock option flexibility, and R&D-friendly policies. More than 500 startups now call Latvia home (as of 2024), with nearly one-fourth founded by international teams. Furthermore, LIAA and state incubators offer co-working spaces, mentorship, and incubation programs to nurture fintech growth in regional hubs.

Growth-Focused Funding Programs

LIAA's innovation programs also support broader business growth, with co-financing grants up to **€300,000** for attracting highly-qualified talent. In a recent digitization drive across Latvia, **over €18.5 million** in structural EU funding enabled **€10,000-€200,000 support packages per project** - connecting fintechs with automation and digital scaling tools.

Strategic Infrastructure & Global Visibility

The **Latvia Fintech Forum**, co-hosted by LIAA and Latvijas Banka, brings together entrepreneurs, regulators, and investors - scaling local innovations into global conversations. Meanwhile, LIAA's foreign offices and investment promotion teams actively connect startups with cross-border partnerships and capital.



Serving Clients in the EU and Beyond

Serving Clients in the EU and Beyond: Maximizing Reach with a Latvian EMI

For fintechs and electronic money institutions, access to European markets is not only desirable - it's essential. A Latvian EMI license provides a fully compliant pathway to serve customers across the entire European Economic Area (EEA), while also offering measured flexibility for clients outside of the EU through legal mechanisms such as **reverse solicitation**.

Seamless EEA Access via Passporting

One of the strongest benefits of obtaining an EMI license in Latvia is passporting under the EU's PSD2 directive. This legal mechanism allows your Latvian-licensed EMI to provide regulated services in all 30 EEA countries - including all EU member states, plus Norway, Liechtenstein, and Iceland - without needing additional local licenses.

With passporting:

- You can onboard clients from anywhere in the EEA.
- No need to set up local branches in each country.
- Your services are legally recognized and fully compliant under EU financial law.

This creates a single regulatory home, dramatically reducing time-to-market and compliance complexity across Europe.

Reverse Solicitation for Non-EEA Clients

When it comes to serving clients **outside the EU**, particularly in markets where you're not licensed, one legal concept becomes important: **reverse solicitation**.

Under EU law, reverse solicitation means that:

- A client **must approach your company on their own initiative**.
- You may not actively market or promote your services in that jurisdiction.
- You are only permitted to offer services that were explicitly requested.

This approach is often used to cautiously extend access to global clients, such as high-net-worth individuals or crypto investors, without breaching local financial promotion rules.

However, this mechanism is restrictive:

- It **prohibits active marketing** to non-licensed regions.
- Regulators often require you to **document and prove** that the client initiated the relationship.

In practice, this means your EMI can legally serve clients outside the EEA - but only if the onboarding process complies with strict, documented reverse solicitation standards.

Managing Client Base Composition

While there is no formal rule limiting what percentage of your clients may come from the EEA versus non-EEA regions, regulators will look at:

- **Where your clients are based,**
- **Where your services are promoted,** and
- **How you manage risk exposure across jurisdictions.**

A well-balanced approach - with a strong EEA core client base - helps maintain regulatory comfort and avoids any impression that your business is bypassing jurisdictional boundaries.



About BMP Global

At BMP Global, we make regulatory success simpler, faster, and more effective.

We are a **legal fintech consultancy** specializing in compliance and licensing for crypto and traditional financial businesses across the globe. Over the past seven years, we've delivered 350+ projects in Canada, Europe, the Middle East, Africa, and Asia, helping our clients navigate complex regulations with confidence.

Our team of ex-bankers, lawyers, compliance professionals, and executives doesn't just secure licenses, we become part of your team, guiding you through every stage of your growth. Many clients see us as an extension of their compliance department: approachable, practical, and deeply committed to their success.

Licensing is just the beginning.

We help you build the full infrastructure your business needs: from banking solutions and payment rails to software and operational frameworks, ensuring you have the tools to scale securely and sustainably.

With BMP Global, you gain a partner who understands your challenges and delivers the solutions you need to grow.

Our Services

We make obtaining a Latvian EMI license simple and efficient, delivering everything needed for a fully compliant and operational EU financial institution. Here is what we can do for you:

Company Formation:

Secure incorporation in Latvia, managed by experienced local legal partners.

Bank Account Setup:

Support in opening the required safeguarding and operational accounts with local or EU-based banks and EMIs.

Substance & Office:

Assistance in sourcing a qualified local executive and securing physical office space that meets regulatory expectations.

Compliance Team:

Provision of interim or fractional AML/CFT personnel (e.g., deputy MLRO) until permanent hires are in place.

Accounting & Audit Setup:

Connection with trusted Latvian accountants to ensure tax compliance and smooth financial reporting.

EMI Application:

Full preparation and submission of all required documents - including your business plan, AML/CFT framework, safeguarding model, and internal policies - to the Bank of Latvia.

[>>> Click here to book a free meeting with us](#)

With BMP Global, your Latvian EMI license is more than paperwork - it's a fully established, locally grounded operation. **We're physically based in Latvia**, speak the language, and work side-by-side with top-tier lawyers and regulators to make the entire process seamless, fast, and culturally aligned.



Glossary of terms

AIS (Account Information Service)

A regulated PSD2 service allowing third-party access to users' bank account data with consent (e.g., for budgeting apps).

AML (Anti-Money Laundering)

A framework of procedures and laws to prevent criminal use of financial systems. Includes KYC, transaction monitoring, reporting obligations.

AML/CFT Policy

Internal documentation outlining the institution's approach to anti-money laundering and terrorist financing compliance.

Audit Trail

A secure, traceable log of all internal transactions, customer interactions, and compliance events — required for audit and supervision.

CFT (Counter Terrorist Financing)

A regulatory effort to identify and prevent the funding of terrorism via financial systems, tightly linked to AML frameworks.

CIT (Corporate Income Tax)

In Latvia, CIT is 20% of distributed profits only. Undistributed profits are tax-free, making it attractive for reinvestment.

Digital Wallet

A financial product offered by EMIs allowing customers to store, transfer, and spend e-money digitally.

EBA (European Banking Authority)

The EU agency responsible for regulatory guidance, rulebooks, and supervisory coordination on PSD2, AML, and banking matters.

EEA (European Economic Area)

A 30-country area comprising EU member states plus Iceland, Liechtenstein, and Norway. Passporting rights apply across this region.

EKS (Electronic Clearing System)

Latvia's national SEPA settlement platform operated by the Bank of Latvia, now open to non-banks like EMIs.

EMI (Electronic Money Institution)

A regulated entity licensed to issue electronic money and provide payment services under PSD2 within the EU/EEA.

FIU (Financial Intelligence Unit)

Latvia's national authority that receives and processes AML-related reports and liaises with law enforcement when necessary.

Governance & Risk Policy

A policy setting standards for decision-making, delegation, risk oversight, and control functions in financial institutions.

Internal Control Function

Refers to governance roles like compliance, risk, audit that ensure internal and external rules are followed.

**Innovation Hub**

An initiative by the Bank of Latvia offering guidance and feedback to fintechs planning to enter the market or apply for licenses.

KYC (Know Your Customer)

The process of verifying a client's identity and assessing risk before initiating a business relationship.

KYB (Know Your Business)

The process of verifying a corporate client's ownership structure, UBOs, business model, and AML risk.

LIAA (Investment and Development Agency of Latvia)

A government agency that provides grants, mentoring, and co-financing programs to support business growth in Latvia.

MiCA (Markets in Crypto-Assets Regulation)

The EU framework regulating crypto service providers. It complements EMI rules for firms offering both fiat and crypto services.

MIFID (Markets in Financial Instruments Directive)

A separate EU directive governing investment firms and securities markets — not applicable to EMIs unless offering investment services.

ML/TF Risk Assessment (Money Laundering / Terrorist Financing Risk)

An internal assessment tool required to understand exposure to financial crime risks across services and client types.

MLRO (Money Laundering Reporting Officer)

The designated officer in charge of AML compliance and reporting suspicious activity to local authorities.

MSB (Money Services Business)

A North American regulatory term for entities offering money transmission, FX, or similar services.

Named IBANs

Individual IBANs assigned to EMI clients, issued under the EMI's main account. Offers a banking-like user experience.

Non-Taxable Minimum (Latvia)

The portion of personal income not subject to PIT. As of 2025, this is €510/month, increasing net income for employees.

Passporting

The legal right of financial institutions licensed in one EEA country to operate across all EEA countries without additional licenses.

Payment Rails

The underlying financial networks used to transfer money — SEPA, SWIFT, VISA, Mastercard, or proprietary platforms.

Permanent Establishment (PE)

A concept in taxation determining if a business has a taxable presence in a foreign jurisdiction.

PI (Payment Institution)

A regulated entity under PSD2 that can offer payment services but cannot hold customer balances long-term or issue e-money.

PIS (Payment Initiation Service)

A PSD2 service that lets third parties initiate payments on behalf of a customer, without needing access to full banking credentials.

**PIT (Personal Income Tax)**

Applies to individuals in Latvia. The base rate is 20%–31% depending on income level, with non-taxable minimums for salary optimization.

PSP (Payment Service Provider)

A general term for companies offering payments processing, typically under PI or EMI licenses.

PSD1

The original EU directive (2007) that established the regulatory foundation for non-bank payment services.

PSD2 (Payment Services Directive 2)

The EU's updated framework regulating payment services and EMIs, replacing PSD1 in 2018 and enabling open banking and passporting.

Reverse Solicitation

A legal doctrine allowing non-EU firms to serve EU clients only if the client initiates the relationship. Active marketing is prohibited.

RTP (Real-Time Payments)

Instant settlement systems enabling real-time funds transfer, often supported by national infrastructures like EKS in Latvia.

SCP (Safeguarding Client Funds)

A requirement for EMIs to protect client money through segregation or insurance.

SAR (Suspicious Activity Report)

A mandatory report filed by an EMI to the Latvian FIU when a client or transaction raises AML/CFT red flags.

SEPA (Single Euro Payments Area)

An EU-wide payment system that standardizes euro transfers across member states, allowing efficient and fast payments.

Segregated Account

A dedicated bank account where client funds are stored separately from the institution's own funds to ensure full protection.

Solidarity Tax

An additional tax in Latvia applied to high earners, supplementing standard social contributions.

SWIFT (Society for Worldwide Interbank Financial Telecommunication)

A global messaging network for cross-border payments, commonly used for international B2B settlements.

Transfer Pricing

The pricing strategy for transactions between related entities across borders — must be documented to avoid tax disputes.

UBO (Ultimate Beneficial Owner)

A natural person who ultimately owns or controls a legal entity. EMIs must identify UBOs during KYB processes.

VASP (Virtual Asset Service Provider)

A business providing crypto-related services like exchange, custody, or wallets. Subject to MiCA or local crypto laws.

Contact Us



BMP Global delivers a comprehensive range of services to support fintech businesses throughout their regulatory and operational journey. We specialize in building licensing frameworks across multiple jurisdictions, offering solutions such as Swiss SRO, Canadian MSB registrations (both newly created and pre-obtained), VASPs, MiCA-compliant CASPs, European EMIs, Hong Kong MSOs, gaming licenses, and non-licensable crypto structures.

Beyond licensing, we provide global incorporation services and help clients identify the right banking infrastructure partners for their needs: from SEPA and SWIFT payment rails to solutions with named IBANs, debit card issuance, and access to liquidity providers. At BMP Global, we don't just help you get licensed - we **accompany you through the entire fintech journey**, ensuring you have the tools, connections, and compliance support to scale successfully.

Start with a **Free Call**.

Dive Into Latvian EMI or Find the Right License



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