

Magnetiq Bank offers fintech-focused safeguarding solutions ahead of 2025 ECB Regulations

Magnetiq Bank helps fintech companies comply with 2025 ECB regulations by offering compliant safeguarding accounts

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/EINPresswire.com/ -- Introduction: the changing regulatory landscape

The fintech industry is evolving, and regulatory requirements are becoming more stringent. As of April 2025, the European Central Bank (ECB) will no longer allow Electronic Money Institutions (EMIs) and Payment Institutions (PIs) to safeguard their clients' funds with National Central Banks. This shift means that all non-bank Payment Service Providers (PSPs) must safeguard their funds with commercial banks, making finding a reliable and compliant partner critical.

What is a safeguarding account?

A safeguarding account is a financial account that keeps client funds separate from the institution's operational funds, ensuring protection in financial instability or insolvency. This legal requirement helps maintain customer trust and regulatory compliance. For fintech companies, particularly EMIs and PIs, [safeguarding accounts](#) is essential for protecting their customers' money and meeting European Union and ECB guidelines.

Why the new ECB Regulation is critical for EMIs and PIs.



Magnetiq Bank logo



Magnetiq Bank Central Office, Riga

With the new regulations, EMIs and PIs can no longer rely on national central banks for safeguarding, which will require a significant shift in operations. The ECB's new mandate promotes competition and efficiency in the retail payments. Still, it also pressures fintech companies to secure safeguarding solutions with commercial banks.

Failing to act in time could lead to non-compliance, potential disruptions in business operations, and loss of client trust. Therefore, finding a safeguarding partner is an urgent need for every fintech.

ECB's Policy: a challenge for EMIs and PIs.

The recent [ECB regulations](#) make the job of EMIs and PIs more challenging. The July 2024 document[1] addressing segregated account holding and the amendments to Directive (EU) 2015/2366 [2] clearly states that, based on historical transaction data, EMIs and PIs can only hold as much client money at central banks as is necessary to cover payments. Any excess must be held with a commercial bank.

This has raised concerns, as many EMIs and PIs feel they are being treated differently from other financial institutions. The ECB justifies its stance by emphasizing the need to maintain financial stability, which applies to all, including central banks, credit institutions, and non-bank PSPs like EMIs and PIs. The reality is that central banks are more suited to working with large credit institutions rather than numerous smaller fintech entities.

However, not all hope is lost. While the ECB acknowledges the difficulty EMIs and PIs have faced with retail banks, it is worth noting that banks like Magnetiq Bank, which specialize in servicing payment service providers, have long offered segregated accounts for client funds. At Magnetiq Bank, we have been refining our segregated accounts for over a decade, adhering to the demands of central banks in different jurisdictions.

We even offer solutions where client funds held in segregated accounts are stored separately at Latvijas Banka, earning "overnight" interest. This reduces the risk to EMIs and PIs while generating additional income. We are also developing a segregated holding structure on our balance sheet, which would offer zero risk of losing client funds—practically identical to the service previously available only at the Bank of Lithuania. As a result, we are prepared to offer fintech the solutions they need to navigate the ECB's regulations while staying competitive.



Magnetiq Bank Headquarters, Riga

Magnetiq Bank safeguarding solution: tailored for fintech.

At Magnetiq Bank, we've been offering specialized services for fintech companies for years, and we are well-prepared to support EMIs and PIs in this transition.

Our safeguarding accounts fully comply with the upcoming ECB regulations, ensuring your business can continue operating seamlessly. We offer access to over 100 currencies, enabling smooth international transactions and efficient foreign exchange (FX) operations. Our operational accounts allow you to manage your business expenses and cash flow. We also support Visa, Mastercard, Apple Pay, and Google Pay, giving you various payment acceptance options to grow your customer base. Our Banking-as-a-Service (BaaS) platform offers API integration that automates financial workflows, helping you manage your operations efficiently while staying compliant. SEPA, SEPA Instant, and TARGET Payment Solutions. Our solutions provide optimized euro transactions with SEPA and TARGET systems, ensuring quick, reliable, and cost-effective payments across Europe.

Preparing for April 2025: act now.

The ECB's deadline is approaching fast, and it's essential to secure your safeguarding solution ahead of time. By choosing Magnetiq Bank, you ensure compliance and access to services designed to support your growth and streamline your operations.

Don't wait until the last minute—this transition is too important to risk delays. Contact Magnetiq Bank today to learn how we can support your business through this regulatory change.

The fintech landscape is changing, and regulatory compliance is no longer an option—it's a necessity. The upcoming ECB regulations mean that EMIs and PIs must act now to secure safeguarding solutions that will protect their client's funds and keep their businesses running smoothly.

At Magnetiq Bank, we understand the unique challenges fintech companies face, and we're here to help you meet those challenges head-on. With our full suite of services, from safeguarding accounts to payment processing and FX transactions, you'll be ready for future changes.

[1] European Central Bank. Policy on access by non-bank payment service providers to central bank-operated payment systems and central bank accounts. Available at: https://www.ecb.europa.eu/paym/target/target-professional-use-documents-links/tips/shared/pdf/Eurosys_pol_on_access_to_central_bank_operated_payment_systems_by_NBSPs.pdf

[2] European Union. REGULATION (EU) 2024/886 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32024R0886>

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