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On the Activity and Supervision of  
Electronic Money Institutions

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# Newsletter



## Regulation 'On the Activity and Supervision of Electronic Money Institutions'

The Supervisory Council of the Bank of Albania upon its decision no. 57 dated 21.12.2022 approved the Regulation "On the activity and supervision of electronic money institutions" (the "Decision").

The Decision was published in the Official Gazette on 05.01.2023 and will enter into force on 01.03.2023.

This Regulation sets out the rules for the conduct of the activity of electronic money institutions, for the administration of the risks related to this activity and their supervision, as well as the requirements for the issuance of electronic money by the issuers of electronic money.

The electronic money institutions, banks and branches of foreign banks, are subject to this new Regulation.

### Minimum Capital Requirements

The minimum statutory capital should ensure that investors have initial capital to undertake the proposed activities. The Bank of Albania, based on the assessment of risk management processes, data on the risk of losses and internal control mechanisms of the electronic money institution, may in any case request additional capital levels, up to 20% (twenty percent) higher than the calculated statutory capital requirement.

If the electronic money institution carries out only the activity of issuing electronic money, the regulatory capital requirement shall at all times be at least 2% (two percent) of the average surplus of electronic money. For other activities, apart from the issuance of electronic money, additional regulatory capital will be required in an escalating manner.

### Risk Management

The electronic money institutions should have a robust internal control framework for fund safekeeping and should approve the risk management framework and policies for credit, liquidity and general business risk.

### Fund Protection

The electronic money institutions must ensure that funds received in exchange for the issuance of electronic money and funds of users of payment services are kept in different accounts, separated from each other, also separated from other accounts of the institution that are not related to money electronic services and payment services.

Electronic money holders' funds are insured through an insurance policy or any other similar guarantee by an insurance company or by a bank, which does not belong to the same banking/financial group of the electronic money institution.



## **Accounting, Auditing and Reporting Requirements for Electronic Money Institutions**

### **Accounting and financial reports**

Electronic money institutions will keep accounting accounts and prepare financial reports to reflect their financial situation, accurately and in accordance with accounting rules and principles, on an individual and consolidated basis, according to the legislation in force on accounting and financial statements.

When the electronic money institution performs other activities according to Article 6 of this regulation, in addition to issuing electronic money and providing payment services (in cases where it is applicable), for the purposes of supervision, the institution will keep separate accounting information for these activities, which should be part of the legal auditor's report.

### **Reporting to the Bank of Albania**

Electronic money institutions have the obligation to report to the Bank of Albania by providing within the first 6 months of the following year, the annual report and the expert's opinion authorized accountant, where the financial and accounting situation is reflected, on the basis individual and consolidated.

Electronic money institutions will immediately report to the Bank of Albania, for any case of exceeding the permissible supervisory norms, according to the provisions hereof regulations.

The Bank of Albania defines and announces the institution of electronic money for the time and necessary measures, in order to restore the indicators within the limits of permissible.



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**Chambers Europe 2022:** Ranked **Band 1** in 3 practice areas

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**ITR Tax Review 2023 – Top Ranked**

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