DNB FinTech Guide

DeNederlandscheBank

EUROSYSTEEM

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Introduction

Why this Guide?

De Nederlandsche Bank (DNB) aims to contribute to an innovative, secure and reliable financial sector. Market access is an important factor in this. A sound licensing process provides clarity for new entrants, protects the financial system and helps to build confidence in the sector.

Fintech companies bring new technology, business models and financial services to the market and can contribute to innovation in the financial sector. At DNB, we welcome such innovation and want to understand how new technologies and business models work in practice. At the same time, we believe it is important that innovation is introduced safely and responsibly.

This calls for clear procedures and a licensing process that gives new entrants a clear picture of where they stand. Applying for a licence is an important step. We understand that you would like to know what DNB expects of you, how the process works and who you can contact if you have any questions. That is why we want to ensure that the licensing process is not only carried out with due care, but is also as clear, predictable and accessible as possible.

This Guide explains how the licensing process is organised in practice and what we can expect from one another in this regard. We will ensure that the process is diligent, clear and accessible. We will keep you informed, are available to answer any questions, and will explain our queries if necessary. We expect you to submit a comprehensive and well-substantiated licence application and to play an active part throughout the process: you should respond to queries in a timely manner, address any issues promptly and let us know if there are any significant changes to your business or your application during the process.

In this Guide, you will find:

- the principles we apply when granting licences
- our commitments to you
- how the licensing process works
- what we expect from you
- how to avoid delays in the process.

The Guide serves as a practical guide to the licensing process. It does not introduce any new statutory requirements or new policies. The formal requirements, application forms and explanatory notes are available on Open Book Supervision, our webpages with supervisory information, legislation and regulations and guidance for external professionals.

Who is this Guide intended for?

There are many different types of fintech companies. Some have a relatively simple business model, while others combine various services, technologies, group structures or outsourcing arrangements. The type of licence you need and the information you must provide therefore depend on exactly what your business will be doing. This Guide is primarily intended for businesses considering applying for a licence as a payment institution or an electronic money institution.

Not every fintech company needs a licence from DNB. The services a company wishes to offer determine which legal framework applies and which supervisory authority has competence. In some cases, DNB has competence. In some cases, the Dutch Authority for the Financial Markets (AFM) has competence. And in some cases, no licence requirement applies. Companies with questions about how their innovative financial service fits within the legal and regulatory framework can contact the InnovationHub. Foreign fintech companies considering setting up operations in the Netherlands can contact the Netherlands Foreign Investment Agency for guidance on exploring the Dutch fintech ecosystem, including relevant regulations and service providers.

First of all, you should decide:

- which services you wish to offer
- whether those services require a licence
- which supervisory authority has competence
- what information you will need to submit.

A licence application is not a preliminary enquiry. You should therefore only submit an application once your business model, governance and risk management have been sufficiently developed and documented.



The licensing process at a glance

A complete and well-prepared application to obtain a licence as a payment institution or electronic money institution can be finalised within a few months. In most cases, a realistic estimated processing time is around five to seven months. The estimated duration for each stage of the process may vary from one application to another, and these durations should not simply be added together. An incomplete or more complex application, missing information or changes made during the process may result in a longer processing time.

1 Orientation and preparation

Estimated duration: depending on your preparation of the application
Please ensure that your application is complete and well-substantiated, and that any fit and proper assessments and other related applications have also been prepared.



2 Submission and verification of completeness

Estimated duration: approximately 1 to 3 months
You can submit your application through the My DNB portal. We will assign a designated point of contact to you within the next two weeks. They will assess whether your application is sufficiently complete for substantive assessment. In practice, we will often require additional information. We will then explain as clearly as possible what we need from you and why. Where possible, we will combine our additional questions into a single request for information.

3 Substantive assessment and decision

Estimated duration: approximately 4 to 6 months
Once your application is complete and the DNB assessment team has reviewed the documents, we will schedule a kick-off meeting with you and the assessment team to discuss the key points to consider, the approach, the next steps and the expected timetable. The assessment team consists of experts in e.g. licensing, prudential supervision, integrity and IT. During the assessment process, we will combine additional questions as far as possible and coordinate related assessments where possible, and you can get in touch with your designated point of contact if you have any questions. We will keep you informed of progress on a regular basis, and will let you know if there are any significant changes to the timetable. At the end of this stage, we will make a decision.

Our five guiding principles

The Netherlands is an attractive location for innovative financial companies. We welcome parties wishing to enter the financial market in a responsible manner and assess whether a company meets the statutory licensing requirements. We apply these requirements in a proportionate and risk-based manner, taking into account the nature, scale, complexity and risks of the application. We believe it is important that you know exactly where you stand, that our assessment is tailored to your business, and that you can contact us if you have any questions.

We assess licence applications on the basis of five guiding principles that characterise the process.

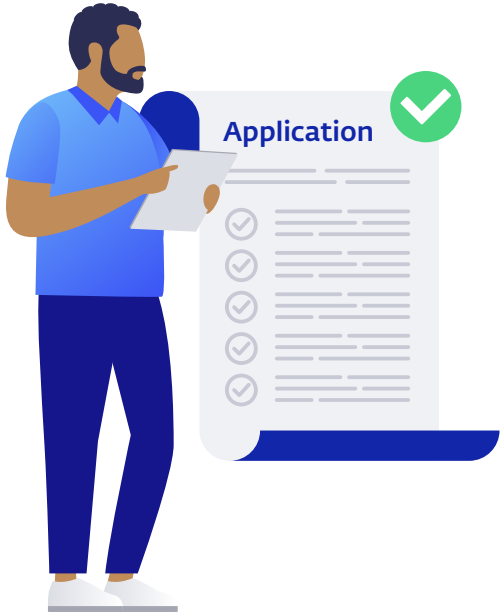
1 Transparent

2 Predictable

3 Proportionate and risk-based

4 Accessible

5 Efficient and reciprocal



1 Transparent

We want applicants to be aware of the stages involved in the licensing process and what information is required, as this helps them to prepare and contributes to a thorough assessment. We make supervisory information, legislation and regulations, and explanatory notes available to the sector via Open Book Supervision.

What you can expect from DNB

We explain:

- the stages of the licensing process
- what information you need to submit
- where you can find application forms and explanatory notes
- which stage of the process your application is at.

If any information is missing, we will let you know what else we need and why.

What we expect from you

Please read the available information before submitting an application. Complete the application forms carefully and check the explanatory notes, and ensure that your application is complete, specific and well-substantiated.

> We will explain the process clearly. Please ensure that your application is clear.

2 Predictable

We want to ensure the application process is predictable. This means that it is clear to you which stage your application is at, what information is required and what the next steps are. Following the preparation and orientation stage, the licensing process for payment institutions and electronic money institutions consists of two more stages: verifying that the application is complete and assessing the substance of the application. Predictability does not mean that every application follows the same procedure. Our assessment depends on the quality of the application, the complexity of the business model, the risks associated with the activities and the completeness of the information provided.

What you can expect from DNB

In principle, we will let you know within two weeks of your submission who your designated point of contact is and how you can get in touch with them. We maintain a clear distinction between the verification of completeness and the substantive assessment. We will not begin the substantive assessment until the application is complete. Once your application is complete, we will schedule a kick-off meeting with you and the assessment team to discuss the approach, the key points to consider and the expected timetable. The assessment team consists of experts in e.g. licensing, prudential supervision, integrity and IT. Even if there is no news to report at this stage, we will keep you updated on our progress. You will always know what the next step is and when you can expect to hear from us again.

What we expect from you

An application is not a working document that is compiled during the process. We expect you to submit an application that is complete, specific and well-substantiated. The application form must be completed in full and truthfully, all the required documents must be attached, and the documents must be consistent with your business model. An incomplete application will cause delays. If you fail to submit the necessary information even after being given another opportunity to do so, we may decide to cease consideration of your application.

A predictable process begins with a complete and high-quality application.

3 Proportionate and risk-based

Our assessment of licence applications is proportionate and risk-based. We take into account the nature, scale, complexity and risks of your business. Licence applications are assessed on the basis of the licensing requirements set out in the Financial Supervision Act (*Wet op het financieel toezicht – Wft*) or specific sectoral legislation, taking into account the nature, scale, complexity and risks of a business. Proportionality does not mean that statutory requirements are waived, but that we apply them to the specific facts and circumstances of the application.

What you can expect from DNB

We focus our assessment on the relevant risks facing your business. The nature and scope of our assessment are tailored to your business and its risk profile. Consequently, the assessment of a relatively straightforward fintech company with limited risks can be structured differently from that of a company offering multiple services, using complex technology, relying heavily on outsourcing or facing greater risks. Among other things, we will look at:

- business model
- activities to be licensed
- governance and decision-making
- sound and ethical operational management
- financial position
- safeguarding of customer funds
- outsourcing
- operational resilience
- integrity risks.

What we expect from you

You must describe the risks specifically associated with your business and how you manage these risks. The scope and depth of your substantiation must be consistent with your business model and the risks to which your company is exposed. You must be able to specify how your policy documents are implemented within your organisation in practice.

We will assess your business and its risks, based on the statutory requirements.

4 Accessible

We are open to questions and to engaging in dialogue with fintech companies. We are keen to learn about new technologies, services and business models, and want to understand how they work in practice. A meeting can help to clarify any questions about the licensing process and prevent misunderstandings. We would be happy to explain how the process works and what we mean by our questions. Accessibility does not mean that we provide advice on the structure of your business model, however. Nor will we discuss the outcome of our assessment in advance.

What you can expect from DNB

We can explain what information is required for the application and how the licensing process works. If you are unsure what we mean by a question, you can always get in touch with your designated point of contact. We would be happy to explain our question in an online meeting.

What we expect from you

We expect you to prepare your questions, and be able to explain specifically what you would like clarification on. At all times, you remain responsible for the substance and quality of your application.

> We will help you understand the process. Responsibility for the application and the information submitted remains with you.

5 Efficient and reciprocal

Our substantive assessment will only begin once the application is complete. In principle, in the case of an incomplete application you will be given one opportunity to submit the missing information. If your application remains incomplete, we may decide not to consider it any further. An efficient process is reciprocal and requires commitment from both sides. We can only assess an application promptly if it is complete, specific and well-substantiated.

What you can expect from DNB

We will request additional information if this is necessary for the assessment. Where possible, we will combine our additional questions and formulate them clearly, to avoid unnecessary follow-up correspondence. We will not unnecessarily request information that has already been provided. If various procedures or assessments are taking place simultaneously, such as the licence application, fit and proper assessments and applications for declarations of no-objection, we will coordinate them where possible.

What we expect from you

We expect you to submit an application that is ready for assessment. We also ask that you respond to requests for information in a timely manner and avoid providing non-specific, fragmented or incomplete replies.

> We request specific information, and expect you to provide this information in a complete and coherent manner. That way, we can work together to make the process as efficient as possible.

Before you start: where can you go for help?

Before you apply for a licence, you can already obtain information and support through various channels.

Questions about supervision and regulations
The InnovationHub is the joint helpdesk run by DNB, AFM and ACM for enquiries involving innovative financial products and services. Both new and aspiring market participants are welcome here. The InnovationHub can provide guidance on specific regulatory requirements and help determine which supervisory authority has competence. You can also ask questions about the application of existing legislation and regulations at various stages of the development of your product or service. The answers are informal and do not constitute an official position or advice. You can find more information on the InnovationHub webpage.

Setting up operations in the Netherlands as a foreign company
The Netherlands Foreign Investment Agency (NFIA) supports innovative foreign fintech companies in setting up or expanding their international operations in the Netherlands. It can provide you with factual information on various aspects of the Dutch business environment, such as legislation and regulations, the licensing process and the Dutch labour market. For detailed or specific information requirements, the NFIA can put you in touch with legal advisers or other relevant government agencies or private parties.

Where appropriate, the NFIA may contact us to arrange an introductory meeting between the company and DNB. Please note that an introductory meeting does not constitute prior approval or a guarantee that a licence will be granted.

Our commitments to you

We are keen to learn about the new technologies, services and business models that fintech companies have to offer. We want to understand how your business operates and believe it is important that you know where you stand throughout the licensing process. We are therefore committed to ensuring a clear, thorough and predictable licensing process.



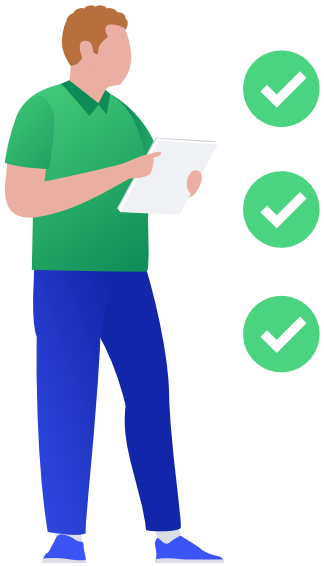
You can expect us to:

- assign a designated point of contact to you during the licensing process
- explain what stage your application is at, what the next step is and what we need from you
- schedule a kick-off meeting with you and the assessment team at the start of the substantive assessment to discuss the key points to consider, the approach, the next steps and the expected timetable. The assessment team consists of experts in e.g. licensing, prudential supervision, integrity and IT.
- make a careful, proportionate and risk-based assessment of your application
- clearly state what additional information we need from you and why
- combine our additional questions into a single request for information where possible and try to avoid unnecessary follow-up requests
- be open to discussion and clarify our questions in an online meeting if anything is unclear
- keep you updated on progress, even if there is no news to report at this stage
- inform you if there are any significant changes to the schedule discussed earlier
- coordinate related assessments, such as fit and proper assessments, wherever possible
- not unnecessarily request information that has already been provided
- continue to explore ways of making the process more efficient and preventing unnecessary delays
- carefully explain the reasons behind our final decision.

We want you to know exactly where you stand throughout the whole process and to be able to contact us easily if anything is unclear. In this way, we work together to ensure that the licensing process is both thorough and as efficient as possible.

The three stages of the licensing process

As an applicant, you will follow three steps.



Step 1 Orientation and preparation

First, you should determine whether your activities require a licence and which supervisory authority has competence. Not every financial service requires a licence from DNB. Some activities are subject to supervision by the AFM, while certain other activities do not require a licence. For general enquiries about innovative financial products and services, you can contact the InnovationHub. If you have any questions regarding various aspects of the fintech business environment, please contact the NFIA.

What we do

On our Open Book Supervision pages, we provide general information on services subject to a licence requirement, application requirements and the licensing process. If you have not yet submitted an application and have any questions about how the regulations apply to your innovative financial service, please contact the InnovationHub. They may arrange an exploratory meeting with you.

What you do

You should determine:

- what services you wish to provide
- whether those services require a licence
- which supervisory authority is responsible
- which applications and information are required for the entire licensing process, including fit and proper assessments and other related applications.

You should also specify how your business will operate in practice: what services you offer, what technology you use, which activities you outsource and where key decisions are taken, and be able to explain your company's financial and information flows. You should also describe the relevant risks and how you will manage them.

> If you have any questions regarding various aspects of the fintech business environment, please contact the NFIA.

Step 2 Submission and verification of completeness

You must submit your application online via the My DNB portal. Your application consists of the completed application form and the required documents. We will then assess whether the application is complete for substantive consideration. As part of this verification, we check not only whether all relevant documents have been submitted, but also whether the information provided is specific, consistent and useful. If the application is incomplete, we will usually send you a request for further information no later than four weeks after receipt of the application, asking for the missing information to be provided. In principle, we will provide this opportunity to supply any missing information no more than once. If the application remains incomplete, the substantive assessment cannot commence and we may decide to cease consideration of your application. Please note that in this situation, you will still have to pay the licence application fee.

What we do

In principle, we will let you know within two weeks of your submission who your designated contact person is and how you can get in touch with them. We will then assess whether the application is complete for substantive consideration. If any information is missing, we will specify as clearly as possible what else we need and why. Where possible, we will combine our additional questions into a single request for information, so that it is clear what is needed to complete the application. If you have any questions about our request for information, you can contact your designated point of contact. We would be happy to explain our questions in an online meeting. Once your application is complete, the substantive assessment will begin. We will schedule a kick-off meeting with you and the assessment team to discuss the key points to consider, the approach, the next steps and the expected timetable. The assessment team consists of experts in e.g. licensing, prudential supervision, integrity and IT. They will be assessing your application, and you can discuss any points of concern directly with them. We will also discuss any other assessments that are part of the licensing process, such as fit and proper assessments and other related applications.

What you do

Please complete the application form in full and truthfully, and attach all the requested documentation. The documents must be consistent with your own business model, governance, risks and controls. You must also ensure that the documents for any fit and proper assessments and other related applications are submitted in full and on time. If we request further information, we expect you to provide the missing information in a timely, complete and coherent manner.

> We expect you to submit an application that is complete and ready for assessment. The stage at which we verify the completeness of the application is not intended to enable the applicant to complete an incomplete application in collaboration with us.

Step 3 Substantive assessment and decision

If the application is complete, we will start our substantive assessment. We will assess whether your business meets the statutory licensing requirements.

Among other things, we will look at:
- activities and scope of the business
- business model
- governance and decision-making
- fitness and propriety of policymakers
- control structure
- sound operational management
- ethical operational management
- financial position
- safeguarding of customer funds
- outsourcing
- operational resilience and DORA
- substance in the Netherlands.

During the assessment, we may ask further questions. We can also arrange a meeting to clarify any questions.

What we do

We will ensure a careful, proportionate and risk-based assessment of your application. If we require additional information, we will combine our additional questions into a single request for information where possible. If a question is unclear, please get in touch with your designated point of contact. We would also be happy to explain our questions in an online meeting. During the assessment, we will keep you informed of our progress, even if there is no new information to report at this stage. If there are any significant changes to the schedule, we will let you know. Fit and proper assessments and other related assessments may be carried out in parallel with the licence application assessment. We will coordinate these assessments wherever possible. At the end of the assessment, we will reach a decision. We may decide to grant a licence, grant a licence subject to further requirements or restrictions, or reject the application. If we intend to reject your application, you will be given the opportunity to respond to our decision. If we grant a licence, we will enter your company into our public register. As of that moment, your company is subject to our supervision. In our experience, a complete and well-substantiated application for a licence to operate as a payment institution or electronic money institution can usually be finalised within five to seven months. If information is missing, if we need additional information or if the application changes significantly during the process, the process will typically take longer and could take eight to twelve months. These timeframes are indicative and not a guarantee. The actual duration depends on the complexity of your application and how quickly any additional information is provided. Please note that the total processing time is not the same as the statutory decision-making period. The processing time begins as soon as an application is submitted. The statutory decision-making period does not begin until the application is complete and may be suspended if further information is required.

What you do

You should answer questions promptly, thoroughly and coherently. You should clearly explain any additional information and ensure that it is consistent with previously submitted documents. If any material changes occur in your application during the assessment – for example, to your business model, governance or the individuals involved – please let us know as soon as possible.

> Obtaining a licence does not mark the end of the process, but the start of a supervisory relationship.

What we expect from you

An application process does not need to be long or complicated. The key is to demonstrate in concrete terms how your business operates, what risks it is exposed to and how you will manage these risks. Thorough preparation helps to ensure that the licensing process runs smoothly and efficiently. This means that you must submit an application that is complete, specific and well-substantiated.



You must ensure that you:

- complete the application form in full and truthfully
- include all the requested documentation
- explain your business model in concrete terms
- have policy documents that are tailored to your business
- describe risks and can substantiate controls
- fill all governance roles, policy-making positions and key posts in a timely manner
- substantiate the safeguarding of customer funds and the statutory minimum own funds requirement
- set out the practical details of outsourcing, operational resilience and compliance with DORA
- set out which activities, functions and decision-making take place in the Netherlands
- respond to our requests for information in a timely, comprehensive and coherent manner.

You should submit an application that is ready for assessment by our assessment team. This means that the various experts have the information they need to assess your application. The stage at which the completeness of the application is verified is not intended to complete an incomplete application in collaboration with us.

Well prepared at the start, actively involved throughout the process.

How to avoid delays in the process

Many delays are caused by applications that are still incomplete. We will not begin the substantive assessment until the application is complete. If information is missing, you will be given one opportunity to provide the missing documents. If the application is incomplete at that stage, the substantive assessment will not commence and we may decide to cease consideration of your application. Please note that you will still have to pay the licence application fee. In short: the more complete and specific your application is at the time of submission, and the more promptly you provide full answers to any queries we may have, the more smoothly the process can proceed.

To avoid unnecessary delays, please pay particular attention to the following points:

- **Incomplete application form**
  The application form has not been completed in full and truthfully, and some of the required documents are missing.
- **Activities not clear**
  It is not clear exactly what activities you intend to carry out, or for which activities you are applying for a licence. To obtain a licence as a payment institution or electronic money institution, please specify the electronic money activities and/or payment services for which you seek authorisation.
- **Business model not sufficiently developed**
  The application describes the idea, but not how the business will actually operate, what services will be provided, or how financial and information flows and decision-making processes will operate.
- **Governance not adequately defined**
  Roles, responsibilities, decision-making processes or key functions are inadequately defined or insufficiently tailored to the nature, scale and risks of the organisation.
- **Key functions unfilled**
  Key functions are still vacant or have not been assigned in sufficient detail. This may delay the substantive assessment of your application.
- **The safeguarding of customer funds is not sufficiently substantiated**
  The method chosen to safeguard customer funds has not been fully elaborated, or supporting documentation is missing. This could include proof of an opened bank account or a bank confirmation showing that the account has been opened and is blocked or frozen pending the granting of a licence.
- **Insufficient evidence of own funds**
  There is no evidence that the statutory minimum own funds has been paid up. Without this supporting evidence, the application is not ready for substantive assessment.
- **Outsourcing not adequately managed**
  Critical or significant outsourcing arrangements are not clearly defined or are inadequately safeguarded in contractual and operational terms.
- **Operational resilience described in too general terms**
  Mitigation of IT risks, operational resilience and compliance with DORA requirements are not sufficiently tailored to the organisation and the specific services it provides.
- **Not enough substance in the Netherlands**
  The application does not make it sufficiently clear which activities, functions and decision-making effectively take place in the Netherlands.
- **Policy documents too general**
  The policy documents provided are too general and do not show how policies are actually implemented within the organisation. Only standard documents that have no specific application to the business model are provided.
- **Fragmented answers**
  Responses to requests for information are incomplete, fragmented or difficult to link to the questions asked. This often leads to further questions and delays.

Other information

The formal requirements, application forms and guidance notes for licence applications can be found on our Open Book Supervision pages. Please read this information before submitting your application.

If you have general questions about innovative financial products or services and are unsure which regulatory framework applies, please contact the InnovationHub.

If you wish to apply for a licence, please submit your application via the My DNB portal.

You will need eHerkenning to submit an application.

If you have any questions about setting up a business in the Netherlands, the Netherlands Foreign Investment Agency (NFIA) may be able to help.

For activities that are subject to supervision of the AFM, such as certain investment services or crypto-asset services, please contact the AFM.

The aim of this Guide is to help you start the licensing process well prepared and to ensure you know where you stand throughout the process. Please note that in the event of any inconsistencies between the text of this Guide and the statutory requirements and explanatory notes on Open Book Supervision, the latter always prevail.

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