
Companies

updated on 01.04.2016 | Topic [Authorisation](#)

Authorisation of banks, financial services providers, and payment and e-money institutions

Anyone wishing to conduct banking business or to provide financial services in Germany requires written authorisation. Authorisation to operate a deposit-taking credit institution is granted by the European Central Bank (ECB) in consultation with BaFin, the national supervisory authority, pursuant to sections 32 and 33 of the German Banking Act (*Kreditwesengesetz – KWG*) in conjunction with Article 4(1) of the SSM Regulation. Authorisation to conduct other banking business or to provide financial services is granted by BaFin (sections 32 and 33 of the KWG).

However, BaFin may only grant authorisation if the following requirements, among others, are met:

- When an institution is established, it must demonstrate that it is endowed with a minimum or initial capital, which will depend on the nature of its intended business. For securities trading banks, for example, the initial capital required is at least EUR 730,000, while for deposit-taking credit institutions it is at least EUR 5m. Investment advisers, investment brokers, contract brokers and portfolio managers, as well as operators of multilateral trading facilities or companies carrying out security placement business which are not authorised to obtain ownership or possession of funds or securities of customers and which do not trade in financial instruments for their own account must prove that they have a minimum capital of at least EUR 50,000.
- Credit and financial services institutions which in the course of providing financial services are authorised to obtain ownership or possession of funds or securities of customers must have at least two management board members, who must be "fit and proper". Being a "fit" person means that the persons concerned have acquired sufficient theoretical knowledge and practical experience during their professional careers to date to enable them to carry out their new jobs properly. BaFin consults the Federal Central Criminal Register (*Bundeszentralregister*) and the Central Trade and Industry Register (*Gewerbezentralregister*) in order to verify that they are "proper" (i.e. reliable) persons.
- The applicant must also declare any holders of significant holdings in the proposed institution and the size of any such holdings. Any such persons must also be "proper" persons. If they are not, or if they fail to meet the standards required in the interests of sound and prudent management of the institution for any other reasons, BaFin may refuse to grant authorisation.
- In addition, the authorisation application must contain a viable business plan indicating the nature of the proposed business, the organisational structure and the proposed internal control systems. BaFin checks whether the applicant is ready and able to take the necessary organisational measures in order to be able to conduct its business in a proper manner.

Credit institutions with a licence in any European Economic Area country are in principle permitted to carry on their business in other member states, too: [Notification process](#)

Additional information

More on this topic

Guidance Notice

[Granting of authorisation to provide financial services \(PDF, 395KB, File does not meet accessibility standards.\)](#)

Guidance Notice

[Notes regarding the licensing for conducting cross-border banking business and/or providing cross-border financial services](#)

FAQs on Brexit

[Brexit](#)

Publications on this topic

Attachment from 14.12.2020

Information for payment service providers

Information for payment service providers

Attachment from 09.12.2020 , updated on 09.12.2020

Information for asset management companies

EU passport regimes from registered offices in the United Kingdom

Attachment from 09.12.2020 , updated on 09.12.2020

Information for MiFID firms

EU passport regimes from registered offices in the United Kingdom

News from 22.01.2020

BaFin grants CSDR licence to Clearstream Banking AG

On 21 January 2020, BaFin granted Clearstream Banking AG, as German Central Securities Depository, the licence according to Article 16 [Central Securities Depository Regulation](#) [<https://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=CELEX:32014R0909&from=DE>](Regulation (EU) No 909/2014) - CSDR. The licence authorises the company to provide core services and non-banking-type ancillary services under the CSDR.

Guidance Notice from 23.08.2019

The 'general good' rules applicable to insurance distribution by insurance undertakings in Germany ('General good' rules - Art. 11 IDD)

Pursuant to Article 11(1) of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (IDD), Member States shall ensure appropriate publication by their competent authorities of the relevant national legal provisions protecting the general good, including information about whether and how the Member State has chosen to apply the stricter ...

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