

KEEPING UP WITH FINTECH

AN INITIAL GUIDE



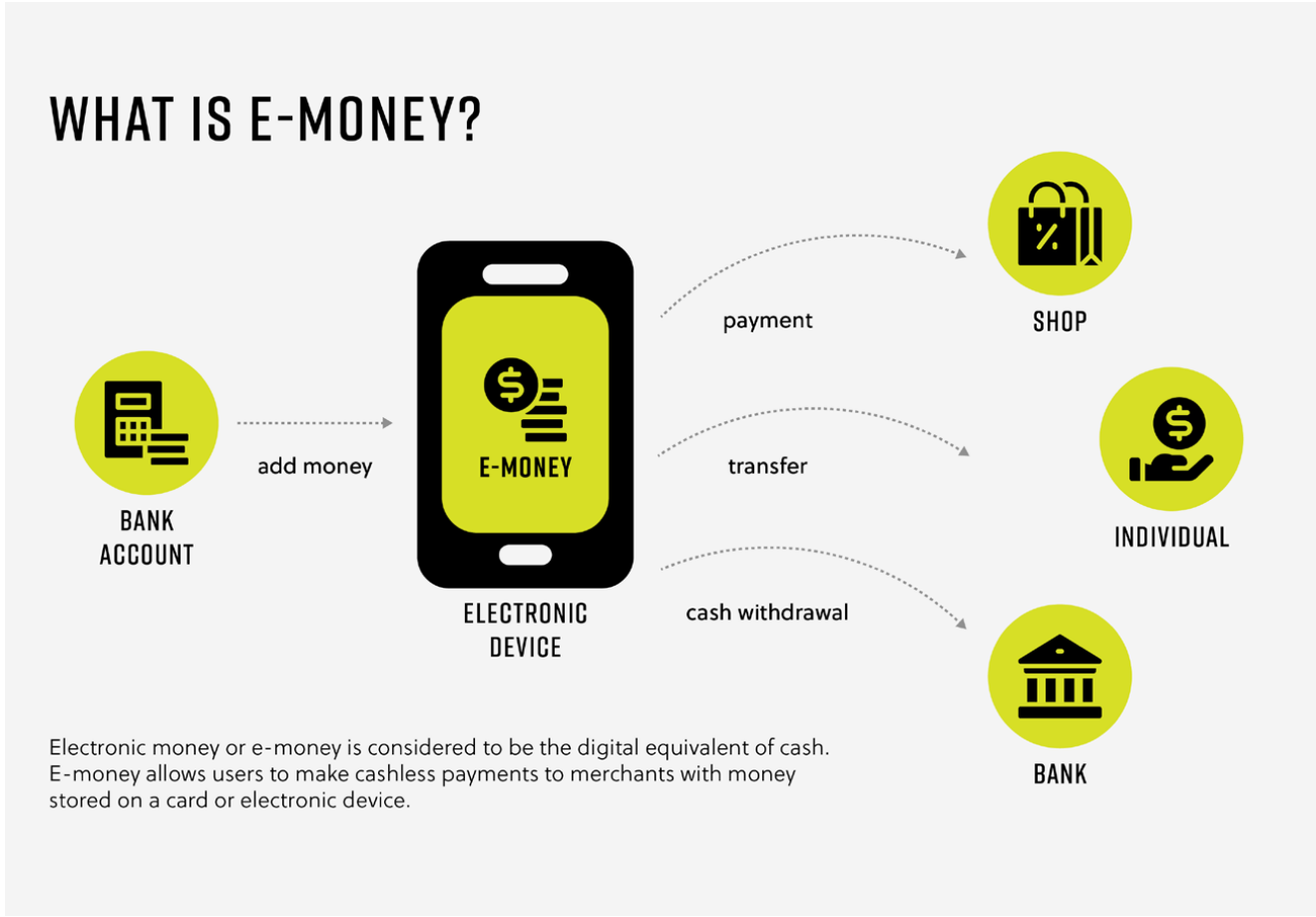
In recent years, technology has revolutionised the financial sector. Financial Technology (fintech) has disrupted traditional banking by offering targeted solutions to everyday problems directly to the end consumer. The pace of change is great, however, getting up to speed with the new developments is not an easy task. This series aims to provide an initial guide to help explain the different services that the fintech sector aims to offer and the institutions behind them.

E-MONEY

WHAT IS ELECTRONIC E-MONEY?

Electronic money or e-money as it is commonly called is considered to be the digital equivalent of cash. E-money allows users to make cashless payments to merchants with money stored on

a card or electronic device such as a phone or computer. The storage of e-money could be likened to a prepaid card.



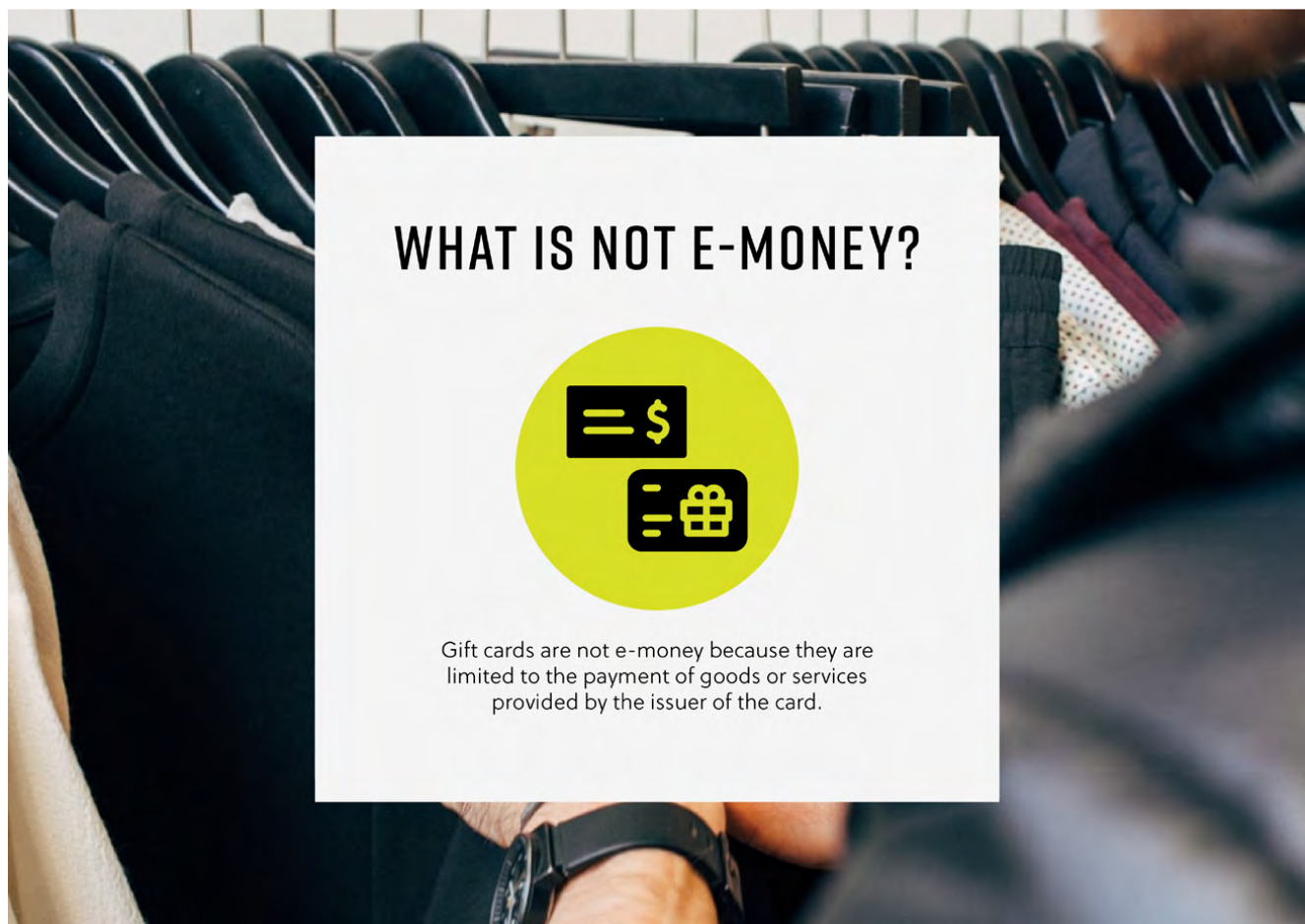
WHAT IS NOT CONSIDERED E-MONEY?

Not all “prepaid cards” can be considered as electronic money. Monetary value stored on a card or electronic device will not be considered e-money if

1. it can only be used for services or goods provided by the e-money issuer or

2. can only be used for payment on a limited number of merchants.

An example of this would be a gift card because it is limited to the payment of goods or services provided by the issuer of the card.



WHO ISSUES E-MONEY?

Banks and other financial institutions may issue e-money after permission is granted by the Financial Conducts Authority (FCA).

Recent regulations aimed at increasing competition in the banking sector have made it possible for a broader spectrum of firms to issue

e-money. These firms will need to apply for a licence with the FCA to become an Electronic Money Institution (EMI).

The next explainer will delve into the differences and commonalities of banks and EMIs.

FOR MORE INFORMATION PLEASE CONTACT

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