

KINSTELLAR

Navigating the  
Regulatory Landscape:  
An Overview of  
Banking as a Service

This publication is a guide to the banking as a service (“BaaS”) regulations in Kinstellar’s jurisdictions, offering insights into compliance essentials, emerging trends, and how to thrive in this dynamic environment.



CROATIA

OVERVIEW OF KEY AREAS 

## Definitions

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API	Application Programming Interface
EBA	European Banking Authority
EIOPA	European Insurance and Occupational Pensions Authority
EMD	Directive 2009/110/EC on the taking up, pursuit and prudential supervision of the business of electronic money institutions
FoE	Freedom of Establishment
FoS	Freedom of Service
MiFID2	Directive 2014/65/EU on markets in financial instruments
PSD2	Directive (EU) 2015/2366 on payment services in the internal market

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### 01. What is status of the BaaS market?

To our knowledge, to date there is no financial institution in Croatia licensed for the provision of BaaS. Accordingly, the Croatian BaaS environment is not much developed and thus the regulator does not have extensive experience with such services.

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### 02. Who is the relevant regulator of banking/financial services?

The supervisory authority for banking and some financial services (notably payment and e-money) in Croatia is the Croatian National Bank (the “**CNB**”). Thus, taking into account the “standard” BaaS model, CNB should be the competent regulator in relation to BaaS activities in Croatia.

The official webpage: <https://www.hnb.hr/en/>

The supervisory authority for some other regulated financial services (investment, factoring, leasing, insurance) in Croatia is the Croatian Financial Services Supervisory Agency (“**HANFA**”).

The official webpage: <https://www.hanfa.hr/en/>

### 03. What are the main pieces of legislation in relation to banking/financial services?

The specific legislation in relation to banking services and general legislation in relation to financial services in Croatia is the Credit Institutions Act (Official Gazette Nos 159/2013 - 151/2022).

Other notable pieces of legislation in relation to specific financial services in Croatia include the:

- Payment System Act (Official Gazette Nos 66/2018, 114/2022) governing provision of payment services;
- Electronic Money Act (Official Gazette Nos 64/2018, 114/2022) governing issuance and redemption of e-money;
- Capital Market Act (Official Gazette Nos 65/2018 - 151/2022) governing provision of investment services;
- Factoring Act (Official Gazette Nos 94/2014 - 41/2016) governing provision of factoring services;
- Leasing Act (Official Gazette No. 141/2013) governing provision of leasing services;
- Insurance Act (Official Gazette Nos 30/2015 - 151/2022) governing provision of insurance services;

Further to the above, there are various secondary legislation issued by the CNB and HANFA.

### 04. What is the time length for obtaining a banking/financial services license?

In principle, there are no “new players” on the Croatian market and full-fledged local licences are rarely issued. A more common approach is the cross-border provision of banking/financial services on an FoS (freedom of services) basis.

Consequently, there is no fresh and comprehensive data that would indicate the length of the licensing process in practice.

A general and rough estimation of the length for obtaining a banking/financial services license would be at least six months and could take up to 18 months, but these numbers will vary depending on the complexity of the matter and approach of the regulator.

## 05. Are there any specific guidelines on BaaS published by the regulator?

There are no specific guidelines on BaaS published by the CNB (or HANFA). The provision of these services is subject to the relevant Croatian laws and regulations, depending on the banking/financial service provided through BaaS and the relevant guidelines and bylaws of the regulators.

## 06. Are financial institutions allowed to use financial agents?

The possibility of using agents/representatives depends on the relevant and applicable Croatian laws.

For example: payment institutions may use payment agents (in Croatian “*zastupnik*”), electronic money institution representatives/distributors (In Croatian “*zastupnik*”/“*distributer*”), investment firms/tied agents (In Croatian “*vezani zastupnik*”).

All of the cited representatives have rights and obligations that are generally in line with the applicable EU law (PSD2, EMD, MIFID2, etc.).

## 07. Are there any restrictions on the use of the agents by a foreign passported financial institution?

In general, payment institutions, electronic money institutions and investment firms that are duly passported with the Croatian regulator may use agents/representatives for the provision of their services in Croatia. Certain limitations may be applied in particular cases (e.g., distributors of e-money institutions are not allowed to issue electronic money, etc.).

It is worth noting that in cross-border scenarios where financial services would be provided on a permanent basis, the entities providing such services would have to establish a local presence (usually in form of a branch). Despite this rule—and just as a general observation—we have sometimes witnessed a relatively relaxed approach by the regulator, which appeared to allow the permanent provision of services without any local presence.

## 08. Are there any regulations on outsourcing?

Outsourcing (or also “*externalisation*”, in Croatian “*eksternalizacija*”) is explicitly regulated by three notable pieces of legislation relevant for BaaS: the Credit Institutions Act, the Payment System Act, and the Electronic Money Act.

Essentially, externalisation is defined as entrusting to third parties the performance of operational or other activities of the banking/financial institution that it would otherwise perform itself.

In general, externalisation requires notification to the regulator, adequate risk management, and allowing direct supervision over the externalised business.

## 09. Are there any sandboxes/hubs organised by the regulator?

We are not aware of any BaaS-dedicated sandboxes/hubs organised by the regulator.

## 10. Are there any other specifics that should be considered when providing BaaS?

Due to the lack of developed and a comprehensive regulatory environment, interested parties should seek specific advice from legal advisors and eventually the regulator before proceeding with any BaaS implementation.



If you're looking to delve deeper into how current national and EU regulations could affect your fintech business, our team at Kinstellar is here to help. With a unique blend of legal acumen and a keen eye for commercial opportunities, we're ready to assist you every step of the way!

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