

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.



CZECH  
REPUBLIC

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?

BaaS is not specifically regulated in the Czech Republic, there are no regulatory guidelines on BaaS, and there are no precedents for BaaS in the Czech market. Accordingly, the Czech 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 the financial market in the Czech Republic is the Czech National Bank (the “CNB”).

The official webpage: <https://www.cnb.cz/en/>

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

The main pieces of legislation in relation to financial services in the Czech Republic are:

- Act No. 21/1992 Coll., on banks (the “**Banking Act**”) governing the provision of banking services;
- Act No. 370/2017 Coll., on payments (the “**Payments Act**”) governing the provision of payment and e-money services;
- Act No. 257/2016 Coll., on consumer credit (the “**Consumer Credit Act**”) governing consumer lending;
- Act No. 256/2004 Coll., on capital market undertakings (the “**Capital Market Undertakings Act**”) regulating capital market activities, including the operation of investment firms, securities trading, and investment services; and
- Act No. 253/2008 Coll., on selected measures against legitimisation of proceeds of crime and financing of terrorism (the “**AML Act**”), which implements anti-money laundering (“**AML**”) and combating the financing of terrorism (“**CFT**”) measures in line with international standards.

In addition, there is a range of secondary legislation issued by the CNB.

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

The lengths for obtaining financial services license are as follows:

- **Banking License**: from 12 months up to 36 months;
- **Payment Services License**: between 12 and 24 months;
- **E-Money Services License**: between 12 and 18 months;
- **Investment Services License**: between 9 and 15 months;
- **Insurance License**: between 12 and 24 months.

### 05. Are there any specific BaaS regulations?

There are no specific BaaS regulations in the Czech Republic. Accordingly, Czech law does not recognise/define BaaS as such.

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

There are no specific guidelines on BaaS published by the CNB. The provision of these services is subject to the relevant Czech laws, depending on the financial service provided through the BaaS provided and the relevant legislation of the CNB. While the CNB is generally reluctant to regulate emerging services such as BaaS, it tends to follow the approach of BaFin (the German regulator) with respect to novel financial services.

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

Financial institutions are generally allowed to use agents to distribute their products and services. Thus, the model where a non-banking entity would act as an agent of a licensed financial institution is one of the possibilities for implementing BaaS in the Czech Republic.

No complex regulation of financial agents exists in the Czech Republic, and the intermediation of financial services by financial agents is regulated by service-specific legislation. For example, banks' financial agents distributing consumer loans are subject to the Consumer Credit Act, while payment and e-money institutions may use agents in accordance with the Payment Act, implementing PSD2 and the EMD in the Czech Republic.

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

No, the same rules apply to financial institutions licensed in the Czech Republic as to foreign passported financial institutions.

## 09. Are there any regulations on outsourcing?

The provision of BaaS may be subject to outsourcing requirements, depending on the scope of services provided and the actual arrangements between a financial institution and a non-licensed entity.

In this case, the outsourcing requirements set out in (i) CNB Decree No. 163/2014 Coll., (ii) the EBA Guidelines on Outsourcing Arrangements, or (ii) the EIOPA Guidelines on System of Governance shall apply.

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

No, unlike the regulators in other European countries, the CNB does not currently organise regulatory sandboxes or innovation hubs.

However, the CNB recognises the importance of innovation in the financial sector and has established a fintech contact point as a communication channel for fintech-related inquiries. The fintech contact point aims to facilitate communication between the CNB, traditional financial institutions and potential new players in the financial market. More information can be found at: <https://www.cnb.cz/en/supervision-financial-market/financial-innovation/>.

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

The CNB provides a dedicated channel for professional queries related to financial market regulation. Specific questions regarding BaaS and its compliance with Czech regulations can be submitted using the application form available on the CNB website: <https://www.cnb.cz/en/public/contacts/form-professional-regulatory-enquiries/application-form-for-professional-regulatory-queries/>.



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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