Baltic Fintech Legal Outlook 2025

In this publication we focus on regulations that will shape the legal outlook for fintech companies across Estonia, Latvia and Lithuania in 2025.

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Estonia, Latvia and Lithuania are known for its vibrant start-up fintech sectors and as go-to jurisdictions for fintech companies. While Estonia and Lithuania have sustained their position as key fintech markets for some time, Latvia is also actively reclaiming its spot among leading European fintech markets. Our experts at Ellex share their expectations to the fintech market in the Baltics in 2025.

Estonia

Estonia is entering 2025 as a key market for fintech companies with its vibrant start-up culture, well-developed digital infrastructure and tech-savvy approach. The market has peaked statistically as having its vibrant start-up or unicorns per capita. The tech sector has been the main driving force for the fintech sector and has shaped its unique character.

Regulations still have a significant influence on the fintech sector, as they do in other EU member states. Unlike larger jurisdictions, Estonia has a somewhat smaller number of interstate regulatory guidelines with some exceptional areas (e.g. money laundering and terrorist financing prevention). This allows for negotiation on the correct interpretation with the regulator and therefore creates a more vibrant environment for innovative solutions in financial services. This approach is based on past market experience as the lack of any special laws on crowdfunding enabled many platforms from Estonia to become market leaders in Europe.

Sometimes an overly friendly approach to foreign digital asset service providers creates the need to decrease the market size and licenses. Local presence is still an issue – a company's connection to Estonia via some of its managers and clients is crucial. This approach is mainstream throughout the EU.

As in many other jurisdictions, 2025 is not exceptional as to the main challenges: a vibrant and visible digital asset service provider community with a completely new age of MiCAR, tech-savvy market participants with DORA and a payment sector where PSD3/PSR is becoming a reality.

Latvia

Latvia steps into 2025 with a bold ambition to reclaim its spot among the leading European fintech destinations. Backed by legislators and the financial supervisory authority, Latvijas Banka, the country has introduced appealing regulatory initiatives and support mechanisms to attract fintech companies. Latvia's competitiveness is further driven by the availability of a highly skilled tech workforce and relevant educational programmes, a well-established startup ecosystem and robust digital infrastructure.

The effort is already yielding results, with a growing number of fintech companies securing authorisation in Latvia. Beyond the traditional stronghold of digital lending, new fintechs are also emerging in Latvia in payments and capital raising. And word on the street is some major players in crypto-asset services are eyeing the CASP license from Latvijas Banka.

Lithuania

As Lithuania enters 2025, it continues to stand out as one of the key players in the European fintech ecosystem, known for its favourable regulatory environment, innovative mindset and strategic focus on financial technologies. Despite a complex global geopolitical landscape, Lithuania's fintech ecosystem has remained remarkably resilient and has continued to develop during these times. With one of the highest concentrations of licensed electronic money institutions and payment service providers in the EU, Lithuania remains a top choice for companies looking to gain access to the European market.

In addition, Lithuania's strong talent pool, driven by a tech-savvy workforce and a growing number of fintech-focused educational programs, enhances its attractiveness as a hub for innovation. The country has become home to numerous global fintech companies, leveraging its conducive environment for the development of payment solutions, digital banking, blockchain technology and regulatory technology (RegTech).

Estonia

Siiri Tõniste I Head of Financial Services Policy Department, Estonian Ministry of Finance

In 2025, the main focus areas are related to the new legislation coming from the EU level. Discussions in Europe will likely continue to revolve around MiCAR (Markets in Crypto-Assets Regulation) and DORA (Digital Operational Resilience Act). In Estonia, the regulatory framework for both is in place, which means that the greater burden now falls on financial supervision authorities and, of course, the companies themselves. Whether MiCAR will truly take off on the EU single market and whether some companies will take a so-called "European passport" from the Baltics (including Estonia) remains to be seen.

Another key area of focus will be FiDA (Regulation on Financial Data Access), the forthcoming regulation that will enable greater data exchange in the financial sector. It is expected that many fintech companies are eagerly awaiting the outcome of these discussions.

Additionally, regulations in the payments sector are undergoing changes. Considerable work has been carried out at the EU level on the PSD3 (Payment Services Directive) and PSR (Payment Services Regulation) initiatives, with a particular focus on addressing the increasingly prevalent issue of financial fraud. Also, the discussions on the content and form of the digital euro continue. Estonia, in collaboration with its Baltic and Nordic neighbours, seeks to ensure that, among other things, the digital euro serves as an instrument that guarantees the continuity of payments, even in times of cyberattacks and security crises.

And last but not least, Estonia is eagerly awaiting the ideas the European Commission will propose under the new ESIU (European Savings and Investments Union) and whether these will offer new opportunities for fintech companies as well.

Latvia

Tīna Lūse I Managing Director, FinTech Latvia association

2024 has been a pivotal year for the fintech ecosystem in Latvia.

With strong political support, the Latvian Parliament passed the national law for MiCAR regulation earlier this summer, empowering Latvijas Banka to welcome new market participants with pan-European aspirations in the crypto space.

Latvijas Banka continued to offer unparalleled support to innovative market entrants through free of charge pre-licensing consultations, innovation and regulatory sandboxes and with supervision fees for crypto service providers capped at 0.6% of annual gross revenue. In 2024, Latvijas Banka also took a monumental step by granting non-bank payment providers access to the SEPA payment system, positioning Latvia as a fully welcoming environment for fintech innovators, in alignment with European Central Bank guidelines.

In preparation of the Moneyval assessment, which commenced in the end of 2024, it has been ensured that Latvia remains a safe and competitive jurisdiction, while enabling sustainable fintech growth.

2024 was also an exceptional year for the FinTech Latvia association, which plays a crucial role in the development of the fintech ecosystem – we doubled the number of members, welcoming them to our pool of established digital lending companies, some of the most prestigious law firms servicing fintechs and innovative market leaders in investments, business lending, crowdfunding and RegTech and even a fully fintech-oriented bank. These new additions, as well as participation in international collaborations, help us accelerate our mission to promote financial inclusion, democratise investments, increase access to financing and drive innovation across all financial sector verticals.

As we look back on our achievements in 2024, we are also forging ahead with new ambitions. With the encouragement of the Prime Minister, hand in hand with Latvijas Banka and the ecosystem, we have started shaping the next phase of our Fintech development strategy.

Lithuania

Agnė Selemonaitė, Board member, Unicorns Lithuania association

Lithuanian fintech regulatory development has been ahead in the EU since 2015 and we, sector participants together with the supervising authorities, make sure it keeps rapidly evolving further even through fiercest EU regulations.

We now witness three clear streams of fintech business model developments in Lithuania: 1) SaaS and marketplace companies developing closed loop payment models, 2) crowdfunding and 3) crypto platforms.

For all the business models above - strong cybersecurity protocols, compliance with international sanctions, effective fraud prevention are now of highest importance to ensure safeguarding client information and assets.

Key challenge for the next year to everyone here: how do you maintain the best user experience together with toughening of EU's MiCAR, DORA and other regulations? This is where we see main area of work among local market participants and local regulators. One thing to keep in focus - with all regulations, we still need to stay competitive not only within the EU, yet globally.

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MiCAR

MiCAR (Regulation 2023/1114/EU) is part of the EU digital finance package aiming to set standardised rules for the issuance of crypto-assets and provision of crypto-asset services.

MiCAR has become applicable step-by-step. From 30 June 2024, the provisions for the issuance of asset-referenced tokens (ART) and e-money tokens (EMT) started to apply. MiCAR became fully applicable throughout Europe from 30 December 2024, governing the issuing of other crypto-assets and licensing of crypto-asset service providers (CASP). However, the full applicability came with the concession that every EU member state had the opportunity to decide when the virtual asset service providers (VASP), currently operating based on the EU AML directive and/or relevant local law provisions, need to apply for CASP licensing in the respective EU member state. In that sense, the EU member states have taken very different approaches.

Estonia

Estonia holds a backlog of being the "go-to" jurisdiction for obtaining VASP licensing (Estonia used to have more than 2000 VASPs) as well as the jurisdiction to go for during the ICO boom. However, during the last years the rules were tightened and the VASPs needed to go through re-licensing. As of February 2025, there have remained a bit more than 40 VASPs in Estonia. It can be assumed that smaller or less-compliant VASPs may not meet the requirements under MiCAR and therefore need to exit the market. However, larger and more sophisticated crypto-asset service providers that successfully adapt to the new requirements from MiCAR and obtain the CASP license will benefit significantly from enhanced credibility and access to a larger EU market.

During 2017–2018, when the ICOs were at their peak in the world, Estonia was the jurisdiction companies often chose for conducting their ICOs. The lack of legislative prohibitions or straight-cut rules was intentional so as not to interfere with technological development. It was believed that Estonia was the pioneer for adopting requirements for crypto services, which added an additional layer of trust for ICO investors. Although MiCAR introduces rules for the issuance of crypto-assets, it can be assumed that it will not become that popular as a capital acquisition option in Estonia.

In relation to the application of MiCAR, Estonia introduced its Act for Markets in Crypto-Assets (AMCA) in June 2024. The regulation in AMCA was to be expected for some time and did not introduce anything revolutionary. However, some aspects are to be noted by companies intending to apply for a crypto-asset service provider's license in Estonia.

1.

Estonia applies maximum transition period for VASPs.
VASPs in Estonia may operate under their current license until 1 July 2026. After this date they are allowed to keep operating only if they have obtained a CASP license under MiCAR. Applying the maximum transition period in Estonia seems wise as the practice from previous re-licensing processes have shown that the proceedings could be lengthy.

2.

Estonia has not foreseen a simplified transition for companies operating under a VASP license.
As the VASPs in Estonia have been subject to more stringent requirements, it was expected that there would be adapted rules for a simplified transition, especially in light of the VASPs in Estonia having gone through the re-licensing process during the last few years. However, no simplified transition is foreseen.

3.

AMCA has introduced quantitative requirements to the management bodies of the CASPS.
CASPs in Estonia need to have a two-member management board and usually also a three-member supervisory board. This will impose challenges for the VASPs who have until now been often operating with a one-member management board. Considering that the members of the management bodies need to also have the necessary qualifications and at least some of the members of the management body need to be Estonians or at least have resided in Estonia for a longer period, we see possible challenges in recruiting suitable candidates.

4.

CASPs in Estonia fall under the supervision of the Estonian FSA.
This would mean that the reference standard for supervision will be the financial institutions. Before submitting a license application to the Estonian FSA, it would be wise to start the process by meeting with the Estonian FSA, introducing the business plan and the managers (or at least part of them). The company should also be able to prove that their operations take place (at least partially) in Estonia. The Estonian FSA has already held introductory webinars for companies on how to prepare for licensing.

Estonia

As part of AMCA, there have been no other guidelines adopted in Estonia by the competent authorities yet. Considering the amount of secondary legislation on the EU level for MiCAR, it is unlikely that any specific guidelines for CASPs will be adopted by local authorities (at least during the first years of MiCAR becoming applicable). Some licensing forms (e.g. for suitability assessments) have been put in place by the Estonian FSA for a long time, and most likely will be expanded to CASPs. Also, during 2025 some of the financial sector guidelines may be reviewed to become applicable also to the CASPs. Companies intending to receive CASP licensing in Estonia should familiarise themselves with the existing financial sector guidelines and practices of the competent authorities when preparing for the licensing process.

It can be expected that Estonian VASPs will start with CASP licensing already in 2025 (even though the transition period is long) and that their number will grow with time. This would be mainly driven from the fact that the CASP license can be passported throughout the EU and, thereby, would allow businesses to expand without regulatory uncertainty. Those aiming to receive the license by the end of the transition period (i.e. 1 July 2026) should submit the application in 2025, at the latest in the fourth quarter of 2025.

It is hard to predict the number of companies aiming to obtain the CASP license under MiCAR in Estonia on a first-time basis (e.g. foreign companies). Estonia has had a visible crypto-asset service provider ecosystem consisting not only of retail-oriented service providers but also sophisticated niche companies most likely identifying themselves more as DeepTech startups. Evident market knowledge shall reflect in regulator expertise and should provide an advantage when it comes to licensing. Companies intending to obtain a license in Estonia need a physical presence here and the market size of Estonia may become an issue. It can be assumed that in 2025, the focus in Estonia will be on the VASPs already operating in Estonia under the respective license.

Latvia

Latvia is eager to establish itself as a key player in the cryptocurrency landscape, with both politicians and the supervisory authority actively encouraging CASPs to consider Latvia as their preferred jurisdiction for licensing, and they are backing their words with concrete actions:

1.

Supervisory fees payable by CASPs are said to be the best in the Baltics.
Although models for calculation of the supervisory fees applied by various countries differ significantly and hence are difficult to compare, Latvian politicians acted upon calls by the industry (its most influential representative being the Latvian Blockchain Association (LBAA)) and agreed on a supervisory fee model that has a competitive edge over the ones applicable in Estonia and Lithuania. The supervisory fee is set in Latvia at up to 0.6% of gross CAS-related income (to be determined annually by the Bank of Latvia), but no less than 3000 EUR. The licensing fee is set at 2500 EUR for the CASP license.

2.

Innovation Centre and Regulatory Sandbox operated by the Bank of Latvia.
The Latvian FSA, which for the CASPs will be the Bank of Latvia, has put in place various mechanisms to assist CASPs in entering the market. The regulatory sandbox can be used to test fintech ideas in real life. The innovation centre, on the other hand, offers practical help during the so-called pre-licensing stage via dedicated consultations by the employees of the Bank of Latvia. For additional information, check out fintechlatvia.eu.

3.

No quotas for the licenses.
Everyone meeting MiCAR requirements is welcome!

4.

Access to the Bank of Latvia retail payment system (EKS) and SEPA:
in a groundbreaking step, the Bank of Latvia has become the first jurisdiction to open access to its retail payment system EKS and hence also to SEPA to licensed payment service providers and thus also to CASPs who provide payment services.

5.

Payment of share capital in crypto and other developments.
To popularize usage of crypto, amendments to Latvian Commercial Law were recently adopted, making it possible to pay share capital of a company (any company, not just CASPs) by crypto. Discussions are also ongoing about the possible integration of CASPs providing crypto exchange services to the systems used for payment of taxes.

6.

The right to keep client's funds in an account in the Bank of Latvia.
In addition granting access to the payment systems, the Bank of Latvia also wanted to provide an option for CASPs to keep a client's funds in an account in the Bank of Latvia. Hence, a respective provision is even envisaged in the Latvian Law on Crypto-Asset Services (the LCAS). This innovative idea was struck down by the ECB as incompatible with the core role of central banks. Accordingly, the Bank of Latvia will be following the ECB's policy on access to central bank accounts of July 2024, whereby only the moneys necessary for payment execution (settlement) may be placed in such an account with the remainder thereof being transferred to a bank for safekeeping. To this end, the local AML guidelines have been further revised to allow banks to adopt a more cooperative stance towards those engaged in the crypto sphere.

Latvia

To supplement MiCAR, LCAS was adopted in the summer of 2024, with the ten brief articles thereunder focusing on establishing supervisory mandates and introducing the above-described competitive licensing and supervision fees. Other LCAS provisions of importance:

1.

Existing VASPs registered with the State Revenue Service may continue operations until 30 June 2025.
Currently, there are less than 10 VASPs registered in Latvia, and only a few of them are believed to have viable business models and are hoping to continue their operations in a post-MiCAR environment.

2.

No simplified transition from being a VASP to CASP.
Considering that the pre-MiCAR registration regime in Latvia was rather relaxed, both existing VASPs and entities not previously subject to supervision will undergo an identical licensing process.

3.

No gold-plating.
No significant local requirements in addition to MiCAR are introduced in Latvia. As for governance arrangements, CASPs will be entitled to follow the relatively straightforward two-tier legal set-up consisting of the shareholders and an executive board, noting however the need to adhere to the AML requirements enshrined in both MiCAR and the national legal framework calling for the appointment of dedicated AML officers.

4.

Latvian CASPs to be supervised by the Bank of Latvia.
n light of the Bank of Latvia’s current role as the central supervisor of financial service providers, its mandate has been extended to encompass CASPs.

Lithuania

Lithuania is actively aligning its regulatory framework with MiCAR. With a reputation for efficient licensing processes and a forward-thinking approach to financial technologies, Lithuania has become a prominent jurisdiction for crypto-asset service providers seeking to operate under the unified EU framework.

Current virtual asset service providers (VASPs) are permitted to continue their operations under their existing licenses until 1 July 2025. After this date, all VASPs must transition to CASP licenses in order to maintain their operations. All applicants, including existing VASPs, must meet the full licensing criteria set by MiCAR.

The implementation of MiCAR presents several challenges for Lithuania's crypto-asset sector, including:

1.
Operational Adjustments:
CASPs must meet MiCAR's enhanced governance and operational resilience requirements. Applicants will need to demonstrate robust cybersecurity measures and adopt effective risk management practices.

2.
Local Presence Requirements:
To qualify for a CASP license, firms must establish a substantial presence in Lithuania. This includes hiring qualified staff locally and ensuring key management positions are held by individuals with strong ties to Lithuania.

3.
Staffing and Expertise:
The demand for skilled professionals to manage CASPs' operations and compliance responsibilities may exceed supply, potentially creating challenges for companies striving to meet MiCAR standards.

Implementation of MiCAR is expected to transform Lithuania's crypto-asset landscape, shifting the focus towards more institutional and sophisticated market participants. While some smaller or less-compliant VASPs may exit the market, those that successfully adapt to the new requirements will benefit from enhanced credibility and greater market access.

The quality and compliance expectations set by the Bank of Lithuania are likely to be high. However, a positive development is that the Bank of Lithuania has already published CASP licensing forms and clearer guidelines for licensing documentation, providing market participants with more clarity on what to expect and what the regulatory authority expects from licensing applications. Companies planning to apply for CASP licenses are encouraged to begin their applications early, as the process is expected to become increasingly competitive as the 1 June 2025 deadline approaches.

DORA

DORA (Regulation 2022/2554/EU) is part of the EU digital finance package and became applicable from 17 January 2025. DORA addresses more specifically digital operational resilience and established the rules for ICT risk management, incident reporting, testing of digital operational resilience and management of relations with third party ICT service providers. Until DORA, ICT risk management and outsourcing (using third party ICT service providers under DORA) was governed by the guidelines of the EBA and national competent authorities. The more stringent EBA Guidelines on ICT and security risk management applied only to credit institutions, investment firms and payment institutions.

Also, The EBA guidelines on outsourcing arrangements applied only to credit institutions, investment firms, payment institutions and e-money institutions. The exact requirements of ICT risk management and outsourcing arrangements for other financial institutions were left for the national competent authorities to decide. As a result, there was inconsistency in regulations, different requirements applied to different types of financial institutions, competitive distortion between the EU member states and obstacles for cross-border provision of financial services. In that sense, DORA is a long-awaited solution to ensure consistency in ICT risk management.

Today's financial sector and especially fintech companies are heavily dependent on IT solutions and ICT service providers. Therefore, the impact of DORA on fintech companies is substantial, especially as DORA does not target only financial sector companies but imposes specific requirements also for using ICT service providers.

In light of DORA being applicable from the beginning of 2025, market participants should track the possible amendments to the EBA guidelines governing ICT risk management. It is likely that the ICT risk management shall only be regulated by DORA and its second level regulations and not by the former EBA guidelines.

Estonia

Before DORA became applicable, financial institutions in Estonia not subject to the EBA guidelines had to apply the requirements from the Estonian FSA's respective guidelines. However, both the Estonian FSA guidelines for the organisation of IT and information security and FSA guidelines on outsourcing were more general than the EBA guidelines and applied the "apply or explain" approach. In light of DORA, we assume that the Estonian FSA requirements on IT and information security remain applicable only to those financial institutions not under DORA (e.g. credit providers, credit intermediaries) in order to avoid duplication with DORA. Financial institutions should track possible amendments to stay compliant. It is, however, unlikely that Estonian competent authorities would hurry into issuing additional guidelines, as there are a number of second level regulations for DORA.

In 2024, financial institutions received the first inquiry from the Estonian competent authorities monitoring the status of implementing DORA. Whereby larger financial institutions had DORA implementation projects that had been ongoing for more than a year, smaller market participants (covering most of the fintech sector) started the implementation processes in 2024. In 2025, it is expected that the monitoring by the competent authorities will become more active by issuing new inquiries. It is therefore wise for fintech companies to prepare beforehand for inquiries by the competent authorities.

The Estonian FSA has published information on the important aspects of DORA that is a must read for all existing or future market participants.

Latvia

Before DORA became applicable, financial institutions in Latvia had to apply requirements set forth in the Latvian FSA's regulations, including Regulation on management of IT and security risks, which, in light of DORA, ceased to apply from 17 January 2025.

There are, however, a number of Latvian legislative acts that will be relevant in the context of DORA. Thus, although DORA is a directly applicable EU legislative act and does not require transposition into the laws of the member states, some elements are further elaborated in Latvia's draft Law on Digital Operational Resilience of Financial Markets. The Ministry of Justice has criticised the draft law, noting that, in addition to addressing supervision and penalties, it also regulates matters already covered by DORA. This overlap creates a risk of misinterpretation and incorrect application of DORA requirements. Fintech companies engaged in payment service provision should take note of the recently adopted Latvian FSA's Regulation on outsourcing requirements for credit institutions, payment institutions and e-money institutions, which, although tailored to avoid duplication with the DORA requirements, will continue to apply.

During 2024, the Latvian FSA organised events aiming to raise awareness of the forthcoming DORA requirements, also highlighting that the current compliance status of the relevant financial institutions varies a lot. With operational resilience identified as one of the supervisory priorities by the Latvian FSA for 2024–2026, financial institutions should anticipate and prepare for reviews focusing on DORA compliance matters.

Lithuania

Before DORA regulation came into force, financial institutions in Lithuania were required to adhere to the rules established by the Bank of Lithuania, including the Resolution of the Board of the Bank of Lithuania on the "Description of Requirements for Information and Communication Technology and Security Risk Management". The majority of the requirements under this resolution are set to be repealed, as its provisions have largely been incorporated into the DORA regulation and its accompanying technical standards. Currently, no additional local legislation is planned in Lithuania for the implementation of DORA.

A revision of the Bank of Lithuania's outsourcing rules for financial market participants is also anticipated. While this resolution will remain in effect, its scope will be revised to exclude outsourcing agreements involving the transfer of ICT services to third parties, as such agreements will fall under the requirements of the DORA regulation.

Over the past two years, the Bank of Lithuania has actively prepared for the implementation of DORA. It has organised public consultations and events to raise awareness among financial market participants and clarify the upcoming requirements. Furthermore, the Bank of Lithuania is developing the REGATA reporting data management platform. This system is designed to improve data management and reduce administrative burdens by providing a unified channel for financial market participants to report ICT-related incidents and details on all ICT service providers and submit other regulatory notifications in relation to compliance with DORA requirements.

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EU AI Act

The rapid advancement of artificial intelligence in recent years has created new opportunities to improve service efficiency across various sectors, including finance. It is no surprise that financial institutions are increasingly exploring the adoption of AI systems as AI allows greater automation and a tailormade approach to service delivery processes. This is especially the case for fintech companies who generally aim to capture market share by challenging current financial service providers by offering easy, fast and convenient financial solutions. At the same time, it is important for fintech companies to lower their costs (e.g. costs of compliance, cost for human resources). AI will help fintech companies achieve both of these goals.

The use of artificial intelligence systems will be primarily regulated by the EU AI Act (Regulation 2024/1689/EU) that starts to apply partially on 2 February 2025, with most obligations taking effect on 2 August 2026. Companies in the financial sector that rely on data-driven models and AI solutions or plan to start using them should prepare for these new regulatory requirements. Companies using high-risk AI systems (e.g. the use of AI for creditworthiness assessment and credit decisions or for risk assessment and pricing in life and health insurance) will need to perform risk assessments to check for potential biases, establish strong data management practices and keep records of how the AI processes data to make decisions. They must also provide clear explanations of how the AI model works and how it may impact individuals.

When using AI solutions, companies should also comply with other frameworks, like the GDPR if the AI solution in use processes personal data.

Aug 2024 EU AI Act entered into force

2 Feb 2025 Provisions of the EU AI Act regarding the obligations related to high-risk AI systems start to apply

2 Aug 2026 The remaining provisions of the EU AI Act start to apply (except for Article 6(1) regulating obligations related to high-risk AI systems)

2 Aug 2027 Provisions of the EU AI Act regarding the obligations related to high-risk AI systems start to apply

Estonia

The use of AI solutions by Estonian financial institutions is becoming more and more popular, especially among fintech companies providing financial services online.

Estonia has been relatively active in relation to boosting the use of AI-based applications both in the public and private sector. In 2019, the Estonian government introduced an expert report (the so-called Kratt report) on how to advance the use of AI in the public and private sector. After this, Estonia has also introduced National AI Strategies for 2019–2021, for 2022–2023 and currently for 2024–2026. The National AI Strategies also introduced legal initiatives for regulating AI in Estonia. In light of the EU AI Act, these initiatives were redirected towards solving specific problems that needed to be regulated and were able to be regulated independently of the EU regulations. According to the National AI Strategy for 2024–2026, the aim is to support the implementation of the EU AI Act within Estonia, including establishing a supervisory framework for developing and using AI. However, Estonia's specific legal initiatives on AI as well as the National AI Strategy for 2024–2026 establishing the goals for implementing EU regulation put little to no attention to the use of AI specifically in the financial sector.

This could also be the reason why Estonian competent authorities had not issued any guidelines addressing the usage of AI in the financial sector until now. It could be expected that more guidance will be given once there is a unified view on the implementation of the EU regulation. It is unlikely that such guidelines will be introduced during 2025. However, it can be assumed that, as the application of the EU AI Act is coming closer, the competent authorities will start preparing for supervision.

Fintech companies should therefore start reviewing what AI systems they already use and which AI systems they plan to implement before the EU AI Act becomes applicable. Also, fintech companies should analyse the requirements from the EU AI Act applicable to the use of such AI systems and prepare the action plan for becoming compliant. The action plan can be submitted to the competent authorities in the case of a respective inquiry.

Latvia

As of now, there are no specific legislation or guidelines issued in Latvia with respect to AI. At the same time, the Latvian parliament has been discussing several legislative initiatives related to promoting the use of AI in Latvia, and thus it is expected that additional local legislation and/or guidelines on AI will be introduced in 2025.

The use of AI in the financial sector has been increasing exponentially. According to a survey conducted by the Bank of Latvia in the first half of 2024, 34 Latvian financial market participants are already using AI solutions in their work. According to the survey, AI solutions are used in all financial market segments, although the most frequent users are deemed to be investment brokerage companies, insurance companies and investment management companies.

Up until the adoption and coming into force of the EU AI Act, the Bank of Latvia has exercised limited supervision on the application of AI by financial institutions, and it is expected that as the application of the EU AI Act approaches, the competent authorities will increase the level of supervision going onwards.

Lithuania

Lithuania, as an EU member state, is preparing for the implementation of the EU AI Act by adapting to new requirements and promoting responsible AI use across various sectors, including public administration, the economy and the financial sector. The Ministry of Economy and Innovation is leading the implementation of the EU AI Act in Lithuania, working closely with institutions such as the Communications Regulatory Authority and the State Data Protection Inspectorate. National efforts include: a review of existing national laws (such as those related to data protection and consumer rights) to ensure alignment with the EU AI Act's requirements, education and awareness initiatives and support for innovation.

In terms of areas where Lithuania could excel, the local fintech community increasingly views AI as a field with strong leadership potential. AI technologies are already being applied in Lithuania's financial sector, particularly for enhancing risk assessment and fraud detection. For instance, financial institutions are using AI tools to ensure compliance with AML (anti-money laundering) and KYC (know-your-customer) requirements, thereby reducing administrative burdens and improving accuracy.

With the EU AI Act, fintech companies utilising artificial intelligence solutions will need to prepare for potential new regulations and compliance requirements specific to artificial intelligence.

PSD3/PSR

The European Commission introduced the first draft of the new regulatory proposals for payment services on 28 June 2023 with the aim of bringing the payments sector further into the digital age. For that, the European Commission introduced two new legal acts replacing PSD2:

1. Directive on Payment Services and Electronic Money Services (PSD3)
2. Payment Services Regulation (PSR)

PSD3 focused on the authorisation and supervision in payment services and brought the following important changes:

- PSD3 brought e-money institutions (EMIs) under the same regulatory umbrella with payment institutions (PI), as PSD3 also includes the authorisation requirements for EMIs.
- PSD3 introduced changes to existing definitions, as the definitions under PSD2 have been subject to debate.
- PSD3 reviewed the scope of regulated payment services (e.g. the service of enabling cash to be placed or withdrawn from a payment account that was dissociated from the activity of servicing the payment account, services of execution of payment transactions and execution of payment transactions where the funds are covered by a credit line were listed together, while services of issuing payment instruments and acquiring payment transactions were listed separately).
- PSD3 foresaw additional requirements to the authorisation. These additional requirements included mainly references to DORA regulation, risk management and winding-up plans.
- PSD3 reviewed the requirements to the initial capital of the PIs and set new thresholds.
- PSD3 required existing PIs and EMIs as well as companies operating under payment services exemption to undergo a reapplication process.

The most questionable of those was the re-application requirement for the existing PIs and EMIs. Market participants surely hope that the re-application requirement shall be excluded from the final version of the PSD3.

PSR strengthened the requirements on some definitions and open banking solutions with the following most notable changes:

- PSR updated the list of exclusions, i.e. services that are excluded from payment services.
- PSR reviewed the requirements applicable to the access of payment systems and accounts.
- PSR introduced changes to the open banking solutions and APIs as well as to the strong customer authentication.

At this moment, the market is waiting for revised versions of the PSD3 and PSR, which are expected to be published in the first quarter of 2025.

FIDA

Building on the PSD2 concept of open banking, along with the proposals of PSD3 and PSR, the European Commission also proposed the so-called Regulation on Financial Data Access (FIDA).

FIDA aims to enhance the availability of highly personalised financial products and services by extending access to customer data far beyond payment account information, covering data on credit agreements, creditworthiness assessment, savings, insurance-based individual pension products, personal pension product, crypto-assets, investments and non-life insurance products. The very few data items outside the scope of FIDA are information on sickness and health insurance products and credit worthiness assessment data of consumers, as well as payment account information, which will remain within the scope of PSD3/PSR.

Considering the extensive scope of the data covered, it is unsurprising that the majority of financial service providers fall within the scope of FIDA as data holders, thus being obliged to disclose their customers' data to other financial service providers (data users), and obliged to comply with stringent requirements while doing so. At the same time, financial institutions will also be able to receive data, acting as the so-called data users. FIDA also puts forward legal framework for the licensing of a new type of entity entitled to become a data user – financial information service providers.

Although bearing some similarities to PSD2 open banking, data access under FIDA is based on different principles, including subjecting data sharing and access to the common standards to be adopted by one or more of the so-called financial data sharing schemes, composed of data holders, data users and customer organisations. Also, while data access under PSD2 is free of charge, FIDA establishes the right of remuneration.

With the official positions of the European Parliament and the Council on FIDA now finalised, negotiations with the European Commission will begin in Q1 of 2025.

Estonia

There are no initiatives in Estonia regarding PSD3/PSR/FIDA.

Latvia

There are no initiatives in Latvia regarding PSD3/PSR/FIDA.

Lithuania

There are no initiatives in Lithuania regarding PSD3/PSR/FIDA.

EU AML package

In May 2024, the European Council adopted the so-called EU AML package. The package includes three major legal acts.

- Regulation (EU) 2024/1620 establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLAR) sets the rules to the establishment and operations of the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA). AMLA shall perform supervision over the high-risk credit and financial institutions that operate largely on a cross-border basis. AMLAR also outlines that AMLA should at first instance be able to supervise 40 entities. However, this number may be subject to increase. This, however, means that only a very small proportion of the financial sector companies in the EU fall under the supervision of AMLA. Except for few large market players, the fintech companies in the Baltics should be out of AMLA's supervisory scope.

- Regulation (EU) 2024/1624 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (AMLR) contains directly applicable AML/CTF rules to the obliged entities. It is the first time requirements to the obliged entities are established as a regulation that is directly applicable to all obliged entities throughout the European Union. The AMLR introduces a number of changes, of which the following are the most important:

  - the scope of obliged entities shall be extended, adding as obliged entities crowdfunding service providers, crowdfunding intermediaries, credit intermediaries for mortgage and consumer credits, crypto-asset service providers, holding companies (e.g. financial holding companies) and other institutions;

  - the requirements to the CDD measures shall be amended (including introducing new situations that additionally require the application CDD measures, more comprehensive requirements for SDD and EDD measures);

  - more detailed rules for the identification of beneficial owners;

  - more comprehensive requirements to outsourcing AML functions (e.g. setting restrictions on which functions may not be outsourced).

- Directive (EU) 2024/1640 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (AMLD) shall mainly establish rules for the competent authorities and the member states themselves (e.g. supervision by and cooperation between competent authorities, requirements for central registries and EU and national level risk assessments). AMLD also includes certain suitability requirements for the managers and beneficial owners of the obliged entities. Suitability requirements for managers are typical in the financial sector and therefore do not entail any revolutionary changes to the current legal framework. However, the AMLD also requires the assessment of the beneficial owners. The financial services regulations foresee the suitability requirements to the owners of qualifying holding, but the beneficial owners are not the same as the owners of qualifying holding. Therefore, the AMLD adds an additional layer of suitability assessment to the financial sector. Fintech companies should assess their ownership and control structure up to the beneficial owners to determine the persons to be assessed.

  In addition to the above, a significant amount of second level regulations (RTS, ITS) shall be adopted which need to be complied with.

For fintech companies, it is most crucial to understand whether they fall under the widened scope of the obliged entities. The application of AML/CTF requirements imposes notable changes to the internal processes, procedures and systems, and such changes need time. As the legal acts within the EU AML package have entered into force, the fintech companies should start familiarising themselves with the new requirements and set a solid timeline for becoming compliant in 2025.

Baltic Legal Outlook – EU AML package

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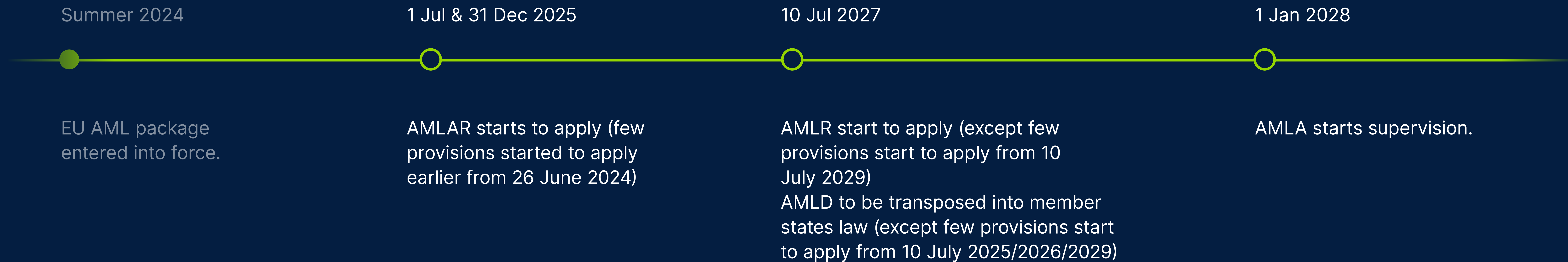

Estonia

The EU AML package will have a significant impact on the Estonian Money Laundering and Terrorist Financing Act (MLFTPA) and the guidelines of the competent authorities.

The legislator and the competent authorities shall soon start with the implementation processes and the obliged entities (including fintech companies) should closely monitor the proposed amendments to the MLFTPA and guidelines of the competent authorities.

Latvia

The EU AML package will have a significant impact on the Latvian Law on Prevention of Money Laundering and Terrorism and Proliferation Financing (LPMLTPF) and the regulations issued by the supervisory authorities.

The legislator and the competent authorities will soon start with the implementation processes and the obliged entities (including fintech companies) should closely monitor the proposed amendments to the LPMLTPF and guidelines of the competent authorities.

Lithuania

The EU AML package will have a significant impact on the Law on the Prevention of Money Laundering and Terrorist Financing and the regulations issued by the supervisory authorities.

The legislator and the supervisory authorities will soon start with the implementation processes and the obliged entities (including fintech companies) should closely monitor the proposed amendments to the respective law and accompanying regulations and guidelines issued by the supervisory authorities.

CCD II

The Second Consumer Credit Directive ((EU) 2023/2225) (CCD II) came into force on 19 November 2023. EU member states have until 20 November 2025 to adopt and publish laws, regulations and administrative provisions to comply with the CCD II. The implementing measures will have to be applied 12 months from the transposition date, i.e. by 20 November 2026, which is also when the first Consumer Credit Directive (Directive 2008/48/EC) (CCD I) will be repealed.

When reviewing the implementation of the CCD I in 2020, the European Commission found that the CCD I has only partially been effective in ensuring high standards of consumer protection and fostering the development of a single market for credit. Moreover, digitalisation has contributed to market developments that were not foreseen when the CCD I was adopted. Additionally, the imprecision of wording of certain provisions of the CCD I allowed member states to adopt diverging provisions, which resulted in a fragmented framework across the EU.

The CCD II introduces the following main changes:

- CCD I did not apply to credit agreements involving a total amount of credit less than EUR 200 or more than EUR 75,000. CCD II covers credit agreements under 200 EUR as well as up to 100,000 EUR. If the credit is less than 200 EUR, free of interest or charges, or the credit must be repaid within three months and only insignificant charges are payable, the member states may decide not to apply certain requirements, e.g., in relation to standard information to be included in advertising credit agreements, pre-contractual information and information included in the credit agreement.

- CCD II applies to credit agreements involving a total amount of credit of more than 100,000 EUR that are not secured either by a mortgage, or by another comparable security or by a right related to immovable property, where the purpose of those credit agreements is the renovation of a residential immovable property.

- CCD II foresees narrower scope for buy now, pay later (BNPL) schemes. According to CCD II only these BNPL schemes do not fall within the scope where (i) a supplier of goods or a provider of services gives the consumer time to pay for the goods or services supplied by that supplier or provider, (ii) the purchase price is to be paid free of interest and without any other charges and with only limited charges for late payments and (iii) payment is done within 50 days as of the delivery of the goods or services. However, this exemption only applies to micro, small or medium-sized enterprises. Other companies which are concluding distance agreements with consumers may defer payment only for 14 days instead of 50 days.

- In comparison to CCD I, CCD II specifies requirements to the creditworthiness assessment and emphasises that consumer should be granted credit only where the creditworthiness assessment indicates that such consumer is able to meet the obligations resulting from the credit agreement. However, considering that the requirements to the creditworthiness assessment on a member state level are generally more stringent, the requirements in the CCD II would not have significant effect on the creditworthiness assessment practice.

- CCD II amends requirements to the pre-contractual information and outlines specific elements (also dependent on the credit agreement) which need to be presented to the consumers during the pre-contractual phase.

- CCD II requires creditors to exercise reasonable forbearance measures before initiating enforcement proceedings. CCD II also specifies that the creditor is not required to perform a creditworthiness assessment in case the application of forbearance measures results in modifying the existing terms and conditions of a credit agreement if the total amount payable by the consumer does not increase significantly. Though, requirements on forbearance measures are common in EU, the requirement in CCD II sets a unified standard.

The CCD II indicates that member states should have in place adequate admission process for creditors and credit intermediaries. However, CCD II does not introduce a unified licensing/authorisation regime for creditors /credit intermediaries (largely fintech companies) across EU. The requirements for licensing/authorisation of creditors /credit intermediaries vary between member states – in some states, creditors /credit intermediaries need to obtain a financial institution license and are under full supervision of a financial supervision authority, whereas in other states, only a simple registration may be sufficient. Hence, the lack of unified licensing regime and possibility to passport its license to other member states shall remain as an entry barrier for expanding to new markets and the main obstacle in scaling its business.

Estonia

From the Estonian perspective the CCD II shall play an important role in reshaping the BNPL market. Offering BNPL schemes has been very popular in Estonia both among credit providers and other entities as it is a largely unregulated area and provides notable profit. After the CCD II, a number of these companies providing BNPL schemes currently in Estonia would most likely need to obtain a license in order to keep providing such services. Also, BNPL providers are required to apply to BNPL clients the same requirements that are applicable to ordinary consumer borrowers. Hence, the influence of the CCD II to the Estonian non-bank lender and therefore fintech market is considerable.

In Estonia, entities providing or intermediating consumer credit need to obtain a license from a competent authority. The process of and requirements for obtaining the license are comparable with those applicable to other financial institutions. Meanwhile, several other member states require only simple registration or authorisation from creditors / credit intermediaries. As the CCD II does not introduce a unified licensing regime for creditors / credit intermediaries, the entry barriers to the Estonian market remain higher for creditors /credit intermediaries than in several other member states.

In June 2024, the Ministry of Justice required feedback from parties affected by the CCD II on the implementation of the CCD II in Estonia. Credit providers and credit intermediaries (as well as companies providing BNPL schemes without a license) should keep themselves up to date in 2025 on the developments of implementing CCD II into the Estonian law.

Latvia

Consumer lending is already subject to very strict regulatory requirements in Latvia, as set forth in the Consumer Rights Protection Law (CRPL), including capping the total cost of credit to consumers, mandating thorough creditworthiness checks and extensive restrictions on advertising. Nevertheless, it is expected that CCD II will have a considerable impact on lenders, most notably those who are currently exempt from licensing requirements in Latvia, e.g. companies providing increasingly popular BNPL schemes.

In 2024, a working group for the implementation of CCDII into Latvian law was set up by the Ministry of Economics, commencing its work with a discussion on possible exemptions from the scope of application of CCD II, including exclusion of certain credit agreements in the form of deferred debit cards.

Lithuania

The CCD II will play a significant role in reshaping the BNPL market in Lithuania, a service that has become increasingly popular across various industries, including e-commerce and telecommunications. Currently, many BNPL providers (among which there are notable fintech companies known for offering BNPL) operate in a regulatory grey area, as the service often falls outside the traditional scope of consumer credit regulations. After the CCD II, the companies providing BNPL schemes without a license would most likely need to obtain a consumer credit provider license. At the same time, the credit providers need to apply the same requirements to BNPL clients and to ordinary consumer borrowers.

As a result, the implementation of CCD II is expected to have a far-reaching impact on Lithuania’s non-bank lending and fintech sectors. The directive aims to strengthen consumer protections while fostering a level playing field, which could challenge existing business models and demand operational adjustments from both new and established BNPL providers in Lithuania.

Estonia

Support measures

The Innovation Hub of the Estonian FSA allows companies applying innovative solutions to get information on the latest solutions, ask for advice and find out about the Estonian FSA's positions and guidelines on using the solutions. The aim of the Innovation Hub is to be a partner for fintech companies and make entering the Estonian market easier for technology-driven companies.

The Estonian FSA has published the criteria for accessing the Innovation Hub, the application form and the possibility to participate in a test environment for a longer period.
More information.

Positive credit register

Discussions regarding establishing a positive credit registry in Estonia have been ongoing for years. A positive credit registry would enable credit decisions to be made based on more comprehensive publicly available data. This would also benefit fintech companies providing credit through online applications in making credit decisions with less time and less manual involvement.

In November 2024, the draft law was published by the Ministry of Finance and submitted to other ministries and market participants for them to provide feedback. The draft law outlines the requirements on what kind of information shall be entered into the credit information register as well as the requirements for the legal entity operating register (the registrar). Obliged entities under the draft law are credit institutions, credit providers, credit agents acting on behalf of only one credit provider and savings and loan associations (credit information providers). Information shall be submitted to the registrar after the conclusion of the credit agreement, amendment of the credit agreement or in case of changes in the data, but not less than once a day.

The credit provider's right to use credit databases to assess a consumer's creditworthiness is also regulated by the CCD II. However, the CCD II does not establish the obligation to create such databases nor does it stipulate any substantive requirements. In spite of that, it is unlikely that the implementation of the CCD II will also affect the final regulation on the credit information register.

Pursuant to the draft law, provisions regarding the requirements to the registrar start applying in accordance with the general principles. The credit information register would begin operation on 1 January 2028, and from 1 March 2028, all credit information providers would be obliged to make a query to the register before granting credit. The draft law will likely be sent to further rounds of approval. Even so, hopefully the final regulation will be adopted by the end of 2025.

Changes related to the investment account

Estonia introduced the possibility to invest into financial assets through an investment account in 2011. An investment account is a separate cash account opened in a credit institution to which the investor transfers money for investing. Thereby, financial assets shall be acquired for the money held in the investment account and income derived from financial assets is also transferred to the investment account. The purposes of the investment account was postponing the payment of income tax arising from the gains or income derived from the financial assets until the payment is made from the investment account to the investor's current account. This allows investors to reinvest gains or income derived from the financial assets prior to becoming subject to income tax. However, the investment account regulation had several fallbacks, including:

- the investment account could only be opened in a credit institution, but not, for example, in an investment firm, thereby hindering equal competition in the financial sector;
- the scope of the financial assets to which investments could be done using the investment account was limited, not including all financial assets that could be used for investment purposes.

In November 2024, the Estonian Parliament adopted a new version of the Income Tax Act amending the investment account regulation. According to the amendments, the investment account can be opened by payment and e-money institutions as well as investment firms in addition to credit institutions. Also, the scope of financial assets was expanded to also include crypto-assets and loans issued or securities/other holdings in companies acquired through a crowdfunding platform.

The amendments became applicable retrospectively from 1 January 2024 and from 1 January 2025. The amendments to the investment account regulation will enhance competition in the provision of investment services on the Estonian market and would most likely boost the outlook for fintech companies (e.g. payment and e-money institutions) in expanding their services. It will also benefit both the crypto and crowdfunding sectors. Also, it will likely attract new market players to Estonia. Hopefully, we will see the initial impact of the amended regulation already during 2025.

Latvia

Direct access of PIs and EMIs to the Bank of Latvia retail payment system

In a much anticipated move, as of November 2024, the Bank of Latvia allows non-bank payment service providers (licensed PIs and EMIs) to become direct participants of the Bank of Latvia retail payment system (EKS). Thus, licensed PIs and EMIs will no longer have to rely on services of commercial banks to execute their client's payments – both instant payments and SEPA credit transfers. EKS also provides access to a clearing service for bulk payments and service called Proxy Registry, which links phone numbers to the IBAN and name of the payee.

In addition to granting access to the payment systems, the Bank of Latvia also wanted to provide an option for the non-bank payment service providers to keep client's funds in an account in the Bank of Latvia. Unfortunately, this innovative idea was struck down by the ECB as incompatible with the core role of the central banks. Accordingly, the Bank of Latvia will be following the ECB's policy on access to central bank accounts of July 2024, whereby only the moneys necessary for payment execution (settlement) may be placed in an account in the Bank of Latvia, with the remainder thereof being transferred to an account in a commercial bank for safekeeping.

Fighting unreasonable de-risking approach

Fearing potential exposure to breaches in the field of AML/CTF, commercial banks used to classify fintech as high-risk customers, often resulting in refusal to provide services to fintechs. In order to change the common perception of fintech as high-risk customers, the Bank of Latvia and Ministry of Finance published a joint Strategy on application of proportionate approach to AML/CTF approach in 2024. The Strategy lists a number of action steps to be taken to fight the unreasonable de-risking approach, including by the Bank of Latvia via changes to legislation and guidelines.
To align with the evolving approach to de-risking, the Finance Latvia Association (the association of Latvian commercial banks) withdrew its restrictive (towards fintech) AML/CTF guidelines, opening the door for fintech companies to access services of commercial banks.

Support measures

In Latvia, various support measures are available for fintech companies:

- The Innovation Centre and Regulatory Sandbox operated by the Bank of Latvia. The Latvian FSA has put various mechanisms in place to assist fintech companies in entering the market. The regulatory sandbox can be used to test fintech ideas in real life. The innovation centre, on the other hand, offers practical help during the licensing stage via dedicated consultations by employees of the Bank of Latvia. For additional information, click here.

- Altum's support tools for start-ups. State development finance institution Altum provides both direct and indirect support for newly established companies/start-ups. As a direct support tool, Altum offers direct loans in amounts up to EUR 250,000. The loans are subject to Altum standard terms (10% downpayment, interest rate from 3%, term depending on purpose of loan, collateral). Certain industry exceptions may apply to determine eligibility for the loan, for example, companies operating as financial and insurance mediators. Altum co-financed venture capital investment funds (selected by Altum during a procurement process) with an investment strategy to invest in growth-stage companies, serving as an indirect support instrument.

- The Latvian Investment and Development Agency has implemented an EU structural funds programme for support for development of innovative entrepreneurship in SMEs. The programme makes available a grant in the amount of EUR 5000–200,000 with aid intensity of up to 85%.

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Lithuania

Support measures

The Bank of Lithuania has launched several successful fintech-focused initiatives that benefit both newcomers and established companies:

- The Newcomer Programme is a comprehensive consultation service designed to assist financial market participants interested in applying for a license in Lithuania.
- CENTROlink is a 24/7/365 payment system operated by the Bank of Lithuania, providing technical access to the Single Euro Payments Area (SEPA) for payment service providers licensed in the European Economic Area (EEA), including electronic money and payment institutions.
- The Regulatory Sandbox is a live testing environment that allows financial innovations to be tested under the supervision and guidance of the Bank of Lithuania.
- DAMAMA is a data maturity programme aimed at transforming how regulators collect data, enabling the extraction of granular data from supervised entities instead of relying on traditional reports.

Investment Account

The Parliament of the Republic of Lithuania has adopted amendments to the Personal Income Tax Law, aiming to change the taxation procedure for income derived from financial investments and to create conditions that will make it easier for residents to invest in various financial products available on the market. Under the new investment account model, only the final outcome of investing in various financial products will be taxed – the funds withdrawn from the account as earned profits. There will be no limit on the amount of funds that can be invested through the investment account.

Over EUR 22 billion in savings are held by Lithuanian residents in banks. The introduction of investment accounts is expected to mobilise at least a portion of these funds, directing them into productive investments. This shift will not only benefit investors but also foster growth in the Lithuanian economy and support the faster development of the capital market.

Administrative Agreements with Financial Market Participants

The recent legal amendments that came into effect in November 2024 enable the Bank of Lithuania and financial market participants to address issues related to identified compliance deficiencies more efficiently in certain cases by entering into administrative agreements (also known as peaceful settlement agreements) with the supervisory authority.

Under the previous legal framework, the Bank of Lithuania could only resolve such issues through court proceedings. However, the newly introduced provision for administrative agreements allows for quicker resolution without judicial involvement. A financial market participant subject to a sanction, fine or other regulatory measure by the Bank of Lithuania has the right to propose an administrative agreement to settle the matter amicably.

This process offers mutual benefits in several ways. First, it saves both the Bank of Lithuania and the financial market participant valuable time and resources, making the process smoother and more constructive. Once the Bank of Lithuania receives a proposal, it will be evaluated based on the criteria set out in the relevant legal regulations. A key requirement is that the administrative agreement must ensure that the goal of the regulatory action – eliminating the identified operational deficiencies – is fully achieved.

As the digital revolution has been driving the traditional financial system, our mission at Ellex is to empower our clients to lead the fintech sector. Ellex is recognised as a Band 1 law firm in the Baltics by the Chambers and Partners FinTech Guide 2025. As our clients say, the team stands out as a premier option in the market, described as "one of the largest specialised fintech teams, having exceptional expertise and attention to details. Its fintech legal team has the full capacity and know-how to handle complicated legal issues."

With a client-focused approach and unparalleled industry knowledge, we empower businesses at the forefront of innovation to thrive in an ever-evolving digital economy. Ellex stands out with its deep expertise and proven track record in navigating the complex legal landscape of fintech, digital assets and IT law.

Our key areas of expertise

1. FinTech

We advise financial service providers, including payment and e-money institutions, crowdfunding platforms, neo-banks and others providing financial services using innovative technological solutions. We also help tech companies providing digital solutions to financial institutions to orientate in the regulatory regime. We offer strategic legal support to startups, scale-ups and established financial institutions through different regulatory proceedings (from licensing to supervisory proceedings) when launching innovative financial solutions.

2. Blockchain & Digital Assets

Blockchain solutions and digital assets have allowed for emergence of new business models and have, through that, started transforming entire industries. Since the development of blockchain and digital assets, the understanding of financial services in traditional finance has changed significantly. The present and future of the financial services is based on services provided on blockchain technology and in the form of digital assets. We offer strategic legal support for tokenisation projects, cryptocurrency businesses and decentralised finance (DeFi) initiatives. Our experts advise on regulatory compliance, smart contracts, NFT frameworks and initial coin offerings (ICOs), ensuring your innovative ideas comply with legal requirements.

3. Data Protection, Cybersecurity & IT Law

We help you at each stage of the data lifecycle. Primarily, we assist in assessing and mitigating data protection and security risks, and in meeting the legal requirements for data processing and risk management. From drafting SaaS agreements to advising on GDPR compliance and managing data breaches, we ensure your digital operations are secure and compliant.

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