

TOP-5 REGULATORY CHANGES FOR FINTECH BUSINESSES

Key regulatory shifts in Europe, their impact on fintech, and how businesses can stay compliant.

IN EUROPE IN 2025



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D1 IMPLEMENTATION OF THE MARKETS IN CRYPTO-ASSETS REGULATION (MiCAR)

Document

Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets (the “MiCAR”)

Taking effect

Partly – June 30, 2024 (the rules on ARTs and EMTs),
in full – December 30, 2024.

What it is about

The MiCAR aims to harmonize crypto regulations across member states and ensure a level playing field. It introduces licensing and supervision requirements for crypto businesses, and sets out measures to prevent market abuse.

MiCAR covers the following types of **crypto assets**:

- **E-money tokens (EMTs)** - crypto-assets that stabilise their value in relation to a single official currency;
- **Asset-referenced tokens (ARTs)** - crypto-assets that stabilise their value in relation to other assets or a basket of assets;
- **Other crypto-assets, e.g., utility tokens** - crypto-assets that are only intended to provide access to a good or a service supplied by their issuer

The scope of MiCAR, however, **does not include** some other types of crypto-assets, such as:

- **Digital Euro** and official digital currencies of other countries;
- **Tokenized stocks, bonds, and other financial instruments** (regulated under MiFID);
- **E-money**, as defined in the E-Money Directive;
- **Cryptocurrencies**, such Bitcoin and Ethereum.

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D1 IMPLEMENTATION OF THE MARKETS IN CRYPTO-ASSETS REGULATION (MICAR)

How it affects business

New Licensing Requirements:

Companies issuing crypto-assets and offering crypto-related services must obtain authorization as Crypto-Asset Service Providers (CASPs). Existing crypto businesses will need to assess whether they must apply for a MiCAR license to continue operating legally.

Integration into the Compliance Framework:

Crypto businesses will now face regulatory requirements including anti-money laundering, consumer protection, and market abuse prevention measures. This means additional costs for compliance and reporting.

Market Expansion via Passporting:

Once licensed in one EU country, CASPs can operate across all 27 member states under a “passporting system”.

Disclosure requirements:

When offering tokens to the public or listing them on exchanges, issuers must provide a whitepaper that gives potential investors clear, detailed, and accurate information about the crypto-assets.

Avoiding misleading advertising:

Anyone promoting or advertising crypto-assets, including bloggers and influencers, must clearly explain the risks involved and ensure that their advertisements are truthful and not misleading.

D2 AML REQUIREMENTS IN CRYPTO MARKETS

Document

Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets (the “Transfer of Funds Regulation”, “TFR”)

Taking effect

December 30, 2024.

What it is about

The revised Transfer of Funds Regulation extends existing financial regulations to crypto-asset transfers. It incorporates the FATF’s Travel Rule, requiring Crypto-Asset Service Providers (CASPs) — such as crypto exchanges, wallet providers, and others — to collect and share information on the originators and beneficiaries of crypto-asset transfers. This includes:

- names,
- addresses,
- account details
- official identifiers.

Furthermore, the TFR integrates CASPs into the EU’s anti-money laundering framework (AMLD V). CASPs now must follow the same AML rules as traditional financial institutions, including:

- know your customer (KYC) checks,
- monitoring transactions for suspicious activity
- reporting suspicious transactions to authorities.

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D2 AML REQUIREMENTS IN CRYPTO MARKETS

How it affects business

Increased Compliance Obligations:

CASPs must implement KYC and AML procedures, similar to banks and traditional financial institutions.

Oversight of Crypto Transactions:

With the FATF's Travel Rule now applying to crypto-asset transfers, the transaction speed and cost may be negatively impacted, especially for cross-border transfers.

Security and Transparency in the Crypto Market:

Enhanced compliance measures are expected to increase trust and legitimacy in the crypto sector, helping to attract institutional investors and drive mainstream adoption.

D3 THE AI ACT: IMPLICATIONS FOR FINTECH

Document

Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence (the “AI Act”)

Taking effect

August 1, 2024, but implementation will be in phases through 2027.

What it is about

The AI Act introduces a comprehensive regulatory framework for AI systems, significantly impacting the financial technology (fintech) sector. All AI applications are classified based on their risk levels – unacceptable, high, limited, and minimal – with high-risk systems subject to stringent requirements.

In fintech, AI systems used for **credit scoring**, **fraud detection**, and **automated trading** are likely to be deemed high-risk. When using them, businesses will need to comply with obligations related to data governance, transparency, human oversight, and robustness. Non-compliance can result in substantial penalties, including fines up to €35 million or 7% of global turnover.

Fintech companies must proactively assess their AI deployments, implement necessary compliance measures, and stay abreast of evolving regulatory guidance to navigate the complexities introduced by the AI Act.

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D3 THE AI ACT: IMPLICATIONS FOR FINTECH

How it affects business

Increased Compliance Obligations:

Fintech companies using high-risk AI tools must establish risk management frameworks, ensure human oversight, and maintain detailed documentation of AI decision-making processes.

Impact on AI Development and Deployment:

Companies developing AI systems will need to align their models with the AI Act's transparency and data governance standards, potentially requiring algorithm adjustments and additional testing before deployment.

AI Compliance as a Competitive Differentiator:

businesses that meet the new standards may gain greater trust from customers and regulators, while non-compliant firms risk losing market access.

Cross-Border Compliance Challenges:

Fintech companies operating globally must ensure their AI systems comply not only with the AI Act but also with regulations in other key markets, such as **the U.S.** AI Executive Order (of January 2025), **China's** AI governance rules (of September 2024), and **the UK's** pro-innovation AI framework (of March 2023).

D4 INSTANT EURO PAYMENTS IN 2025

Document

Regulation (EU) 2024/886 of the European Parliament and of the Council of 13 March 2024 amending Regulations (EU) No 260/2012 and (EU) 2021/1230 and Directives 98/26/EC and (EU) 2015/2366 as regards instant credit transfers in euro (the “Instant Payments Regulation”, “IPR”)

Taking effect

April 8, 2024, but implementation will be in phases through 2027.

What it is about

The IPR aims to standardize instant payment capabilities across the Single Euro Payments Area (SEPA). In particular, it mandates that payment service providers (PSPs) offering standard credit transfers in euro must also provide instant credit transfer services. Such instant payment transactions must be settled within 10 seconds, operating 24/7.

The implementation timeline **in the eurozone** is as follows:

- **9 January 2025:** PSPs must offer the service of receiving instant credit transfers.
- **9 October 2025:** PSPs must offer the service of sending instant credit transfers.

For **non-eurozone** EU member states implementation stretches out for two more years, with January 2027 being the deadline for receiving, and July 2027 for sending instant credit transfers.

D4 INSTANT EURO PAYMENTS IN 2025

How it affects business

New Compliance Requirements for PSPs:

Payment service providers will need to upgrade their infrastructure to comply with new regulations. Legal teams will need to assess how these new obligations impact their operations, especially around consumer protection, privacy, and dispute resolution.

Adapting Contracts:

PSPs and fintechs will need to amend existing contracts with customers and partners to reflect the new payment timelines, settlement processes, and service levels.

Data Protection and Security Considerations:

PSPs and fintech companies must ensure that their cybersecurity policies and GDPR compliance are aligned with the 24/7 availability requirement, especially given the real-time nature of instant payments and the increased risk of fraud or breaches.

Cross-Border Transaction Challenges:

Businesses in non-eurozone EU member states (such as Sweden, Denmark, or Poland) will face an extended timeline for compliance, which may create interoperability issues for cross-border transactions in the short term.

D5

INTRODUCTION OF DIGITAL IDENTITY WALLETS

Document

Regulation (EU) 2024/1183 of the European Parliament and of the Council of 11 April 2024 amending Regulation (EU) No 910/2014 as regards establishing the European Digital Identity Framework (the "eIDAS 2.0")

Taking effect

May 20, 2024, with implementation to occur over the next 24 months.

What it is about

The eIDAS 2.0 requires the EU Member States to offer European Digital Identity Wallets to citizens and residents. This aims to provide a unified and secure method of online and offline identification across the EU.

The digital wallets will allow individuals to

- authenticate their identity,
- access public and private services,
- and share personal data, such as age or professional qualifications, without disclosing unnecessary information.

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INTRODUCTION OF DIGITAL IDENTITY WALLETS

How it affects business

Regulatory Compliance for Service Providers:

Fintech businesses will need to adapt their processes to integrate the European Digital Identity Wallet. Legal teams will need to assess and revise existing processes to ensure adherence to the new identity verification standards.

Impact on Data Protection:

Companies will need to align their data governance practices with the eIDAS 2.0 framework. The teams should review existing data protection policies to ensure that the processing of personal data within these wallets complies with both GDPR and the new identity-related requirements.

Innovation Opportunities:

The eIDAS 2.0 regulation opens up opportunities for fintech businesses to introduce new digital services. However, it will be crucial to ensure that, while enhancing user authentication and streamlining onboarding processes for consumers, these solutions comply with regulatory requirements.

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