

Neobank migration within the EU: tighter passporting requirements

Summary

EU passporting is the procedure under which any neobank licensed as an electronic money institution (EMI) in one EU Member State can extend its licence to all EU Member States. At present, the procedure is relatively fast, inexpensive and light-touch. It is governed by the second Payment Services Directive (PSD2).¹ Passporting can cover several or all EU Member States.

This is gradually changing. In the near term (2027–2028), passporting may no longer be straightforward and may require significant effort and investment.

Current position

There are 405 neobanks licensed as EMIs in the EU. Of these, 313 EMIs, or 77.3%, have completed EU passporting. How accurately do these figures reflect the real position?

Status as at 1 August 2026	EMIs	Share
At least one cross-border notification in an EU country	313	77.3%
Passported to all other 26 EU Member States	246	60.7%
Passported to only some EU Member States	67	16.5%

No recorded passporting outside the home country	92	22.7%
Total	405	100.0%

Actual or formal passporting

“Passporting to all countries” means that notifications exist in all other 26 EU Member States. It does not mean that the EMI actually conducts business or has customers in each country. Passporting provides the right to operate in a market; it does not confirm commercial activity there.

How many of these companies are active?

It is impossible to establish from the European Banking Authority (EBA) register or national regulators exactly how many EMIs actually operate in all 27 EU Member States. We manually reviewed each neobank whose geographic coverage raised questions.

Of the 246 EMIs:

Status as at 1 August 2026	Neobanks (EMIs)
Have the regulatory right to operate in every EU Member State	246
Are active in at least one market	210–225
Have real commercial activity in most EU Member States	Only 30–50 EMIs
The number of companies demonstrably serving customers in all 27 Member States cannot be established publicly	No more than 20–30

The reason is that passporting is a notification of an intention to provide services, not evidence that a company:

- accepts customers from the relevant country;
- processes transactions there;
- has local customers, agents or staff there;
- generates revenue in that market.

The list of 246 companies compiled from national regulator and EBA data also includes clearly non-operational or disputed cases: revoked licences, merged legal entities, companies in liquidation or wind-down, and recently licensed EMIs that have not yet launched a product.

Examples in the data include WEEZZO, whose licence was revoked, Revolut Payments UAB, which has been merged into another entity, and J.P. Morgan Mobility Payments Solution, which is winding down.

The most accurate formulation is therefore:

Around 85–90% of the 246 EMIs with passporting notifications, or approximately 210–225 companies, are operationally active. Only a small group – an estimated 30–50 – conducts meaningful activity at a pan-European level.

EBA publishes licences, authorised services and host countries, but not customer numbers, transactions or revenue by country. The statement “active in all countries” therefore requires a separate review of each EMI’s financial statements, onboarding availability, products and customer geography. [EBA PSD2 Register](#); [EBA passporting framework](#).

Has the number of companies with passporting notifications increased or decreased over the past five and three years?

Growth in passporting

The number of EMIs with passporting notifications in all other 26 EU Member States is increasing steadily.

Five-year quantitative trend

Snapshot	EMIs with full EU passporting	Change
August 2021	Approximately 155	–
August 2023	Approximately 191	+36 over two years
August 2026	246	+55 over three years

Growth dynamics

Indicator	3 years	5 years
Absolute increase	55 neobanks	91 neobanks
Cumulative quantitative growth	28.80%	58.70%
Average annual quantitative growth	8.80%	9.70%

There are no signs of a decline. The expansion rate remains at approximately 9% per year. These figures are, however, largely formal and do not reflect the actual position.

The broader group of EMIs with passporting notifications in at least one additional country is also growing:

Snapshot	EMIs with any cross-border passporting
August 2021	Approximately 208
August 2023	Approximately 249
August 2026	313

Main driver of passporting

New EMIs usually passport their licence to a significant part of the EU, often to every Member State, even when the actual launch is planned in stages. The number of regulatory passports therefore grows faster than the number of national markets in which companies are actually active.

An important methodological qualification: EBA does not provide a convenient public archive of identical historical snapshots. The 2021 and 2023 values were reconstructed from the authorisation dates of currently active EMIs and their current passporting geography. They show the direction and scale of the trend, but do not include companies that had passported at the relevant date and later lost their licence entirely. The historical figures should therefore be treated as estimates based on Norlerr Analytics’ analysis; the 246 figure for August 2026 is the current register figure.

The broader licensing market supports the overall trend. In 2022–2024, around 80–92 new payment institution (PI) and EMI licences were issued in the EU each year, while the effect of revocations on the total number of market participants remained limited.

Most EMIs passport the entire EU to keep their options open:

- the procedure is relatively simple and inexpensive;
- no second licence is required;
- the option to onboard customers is secured in advance;
- material turnover does not have to be demonstrated in every country;
- the absence of customers does not usually lead to automatic removal of a passporting notification.

Views of the ECB and national regulators

There are no public statements from the European Central Bank (ECB) or national regulators saying that the number of EMI passporting notifications must be reduced. The proposed third Payment Services Directive (PSD3),² which is expected to replace PSD2 shortly, nevertheless says a great deal.

Behind the scenes at the ECB, light-touch passporting is already being compared with the “golden passport” programmes of Cyprus and Malta, with the difference that those programmes gave individuals, rather than companies, access to the EU-wide market.

In our view, the regulatory direction is not to impose a numerical limit on passporting, but to eliminate fictitious passports, regulatory arbitrage and passporting of licences without real activity.

What regulators are actually saying and doing

1. Combating forum shopping

The European Commission explicitly states that there should be no room for a neobank to choose the most lenient home jurisdiction for licensing, use passporting to serve countries with stricter regulation, and effectively avoid supervision by regulators in its main markets.

In the Commission’s view, this distorts competition and constitutes regulatory arbitrage. The objective is not to reduce the number of passports, but to harmonise requirements and make the choice of home jurisdiction less significant.

2. A passport should reflect activity that has started, not only activity that is planned

The PSD3 proposal envisages a more informative register. It should identify the countries where the company is actually active, the start date of activity in each passported country, the services provided there, and its agents, distributors and branches.

This is a significant change from register practices that allow a company to notify all EU countries before it actually enters those markets.

3. The notification should contain the planned launch date

The company must notify its home regulator of the specific host countries, the services it intends to provide there, the planned start date of operations, and the actual launch date through an agent, distributor or its own branch.

Changes must be recorded without delay, removing merely declared geographic coverage from the register.

4. Stronger host-regulator powers

The home-country regulator remains the primary supervisory authority. PSD3 nevertheless strengthens cooperation between home and host regulators: the host regulator will be able to report risks relating to anti-money laundering and countering the financing of terrorism (AML/CFT), require periodic information on local activity, request data where there are signs of a breach, participate in inspections and refer disputes between regulators to EBA.

This minimises the risks that arise when a neobank is formally licensed in one country but its main risks and customer base are in another.

5. A licence without activity should be withdrawn

The proposal provides for the possibility of withdrawing a licence if the neobank has not actually used it for 6–12 months.

This applies to the licence as a whole, rather than to each individual passport. Formally, an EMI may remain active in one country while retaining unused passports in the others. Nevertheless, the regulator’s overall principle is clear: a licence should not be an asset held in reserve without an operating business.

6. A requirement for real substance

EBA consistently opposes structures that have outsourced virtually all their activity and become empty shells. A company must retain real management, key control functions, the ability to oversee outsourcing, staff and resources appropriate to the scale of its business, and some payment or e-money activity in its home country.

However, PSD3 explicitly prohibits the home-country regulator from requiring most of the business to be located in the licensing country. Real activity and effective management are required, rather than artificial localisation of the main revenue.

Conclusion

Possible change	Regulatory direction
A limit on the number of countries	No
A separate fee for each country	No such proposals
A business plan for each country	Partly – through a description of services and a launch date
Showing the actual start date of operations	Yes
Removing outdated passports	No automatic mechanism yet. The strategy is implemented manually
Stronger host-regulator supervision	Yes

Restricting forum shopping	Yes. One of the key objectives
Requiring real substance	Yes
Withdrawing unused licences	Yes. The licence as a whole

The most likely scenario is therefore not an administrative reduction in the number of passports, but a shift from:

“Obtain a licence and, as a precaution, notify every country”

to:

“Specify the markets, services and launch date, regularly confirm actual activity and keep notifications up to date.”

If these provisions are implemented, the number of EMIs shown as passported to all 26 other EU Member States could fall substantially without a formal restriction on the right to use an EU-wide passport.

How large could the reduction be?

If the register counted only countries with confirmed activity, the number of EMIs shown as passported to all 26 other EU Member States could fall from 246 to 25–100 companies.

Norlerr scenarios

Clean-up scenario	Remaining out of 246	Reduction
Light: a declared launch date and product availability are sufficient	140–170	31–43%
Base case: customers or operations are required in every country	60–100	59–76%
Strict: regular activity is evidenced in all 27 Member States	20–40	84–92%

Most realistic base-case forecast:

The number of EMIs with “full passporting” could fall by approximately 60–75%, from 246 to 60–100 companies.

With stricter regulation or enforcement, only 20–40 of the largest EMIs would probably retain full pan-European status: large payment service providers (PSPs), international e-commerce and card-issuing platforms, global money-transfer providers and embedded-finance providers.

What will happen to the total number of EMIs with passporting notifications? Norlerr’s forecast

The total number of EMIs with a passport in at least one additional country will fall much less:

Measure	Current	Possible level after clean-up
Passporting to at least one additional country	313	240–285
Passporting to all 26 other countries	246	60–100
Actual activity in all countries	Not disclosed	20–40

1. PSD3 is unlikely to eliminate the cross-border model itself. Its main effect will be to change geographic coverage.
2. Instead of a formal list of 26 countries, a typical EMI will retain 5–15 markets in which it actually operates.
3. The largest international neobanking groups.
4. Local and niche EMIs will withdraw from unused countries.
5. The value of ready-to-operate neobanks in mergers and acquisitions (M&A) will increase.

Summary

Over the short term (1–3 years), full passporting will stop being a standard feature and become a sign of a truly pan-European business.