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Banking license

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Banking license	
Also called	Bank licence, bank charter, authorisation as a credit institution, ADI licence
Granted by	The banking supervisor of the jurisdiction (in the euro area, the ECB)
Needed for	Taking deposits from the public and lending on own account
Checked on	The supervisor's public register

In short: A banking license is the authorisation a firm needs to take deposits from the public. Supervisors grant it only after checking the bank's capital, liquidity, business plan, managers and owners, and keep supervising it afterwards. If a licensed bank fails, a deposit guarantee scheme usually repays eligible deposits up to a limit.

The legal names differ: in the EU it is an authorisation as a **credit institution** under the Capital Requirements Directive, in the United States a **bank charter** plus federal deposit insurance, in Australia an **ADI licence**, and in Hong Kong an authorization as a **licensed bank**.[1] The core is the same everywhere: taking repayable deposits from the public is reserved to licensed banks.

What a banking license allows

A banking license allows a firm to accept deposits and other repayable funds from the public and to grant credit for its own account; in the EU, that combination is what defines a credit institution.[1] Many licenses also cover payment services, foreign exchange, guarantees and, in some jurisdictions, investment services. Some jurisdictions offer narrower licenses, such as Lithuania's specialised bank or Switzerland's FinTech licence; see Phased and restricted bank licenses.

Who grants it

The national banking supervisor, except in the euro area, where the **European Central Bank** grants every banking licence on a proposal from the national supervisor.[2] In the UK, banks are authorised by the PRA with the consent of the FCA; in the US, by the OCC or a state, with the FDIC deciding on deposit insurance.

What supervisors assess

- **Capital:** the minimum initial capital and enough capital for the business plan and its risks. See Bank capital requirements.
- **Programme of operations:** a credible business plan, risk management, IT and outsourcing arrangements, and recovery and exit plans.
- **Management:** fit and proper directors and senior managers.
- **Shareholders:** the suitability and financial soundness of qualifying shareholders.[2]

What a license does not mean

- It does not mean a bank cannot fail. Deposit protection has limits per depositor, per bank. See Deposit guarantee schemes.
- An **e-money or payment institution** license is not a banking license: such firms safeguard customer funds but do not take deposits, and the funds are not covered by deposit guarantee schemes. See Bank vs e-money institution.
- A license in one country lets a bank serve other countries only where a passport or local permission exists. See Passporting.

License guides

Jurisdiction	Supervisor	Minimum capital	Deposit protection
Australia	APRA	Set by APRA case by case	A$250,000 (FCS)
Germany	BaFin / ECB	€5 million	€100,000
Hong Kong	HKMA	HK$300 million (licensed bank)	HK$800,000 (DPS)

Jurisdiction	Supervisor	Minimum capital	Deposit protection
Ireland	CBI / ECB	€5 million	€100,000
Lithuania	Bank of Lithuania / ECB	€5m (bank); €1m (specialised bank)	€100,000
Luxembourg	CSSF / ECB	€5 million (EU floor)	€100,000 (FGDL)
Singapore	MAS	S$1.5 billion (digital: from S$15m; wholesale: S$100m)	S$100,000 (SDIC)
Switzerland	FINMA	CHF 10 million (FinTech licence: CHF 300,000)	CHF 100,000 (esisuisse)
United Kingdom	PRA / FCA	€5m (from £1m/€1m for small specialist banks)	£120,000 (FSCS)
United States	OCC / FDIC	Set case by case (8% Tier 1 leverage, first 3 years)	$250,000 (FDIC)

Frequently asked questions

Can a fintech take deposits without a banking license?

Generally no. Taking deposits from the public is reserved to licensed banks. Fintechs often hold an e-money or payment institution license instead, or partner with a licensed bank.

How long does it take to get a banking license?

In the EU the law requires a decision within 6 months of a complete application and no later than 12 months after receipt; preparation usually takes longer than the formal assessment.

References

1. Official Directive 2013/36/EU (Capital Requirements Directive): authorisation of credit institutions (Articles 8–21), initial capital (Article 12), freedom of establishment and services (Articles 33–39) . EUR-Lex. Accessed November 2026.
2. Official Authorisation: licensing of credit institutions . ECB Banking Supervision. Accessed November 2026.

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