



Overview of the CSSF Annual Report 2022: Payment Institutions, Electronic Money Institutions and VASPs

This newsletter marks the fifth publications of a six-part series, offering an overview of the CSSF Annual Report for the year 2022. This edition of this series is dedicated to the key highlights for Payment Institutions, Electronic Money Institutions and VASPs.

On the 25 August 2023, the CSSF published its annual report focusing on the overview of the CSSF activities and initiatives in 2022. This publication aims to provide valuable information to assist relevant entities in gaining an understanding of areas requiring attention based on the CSSF observations.

In the first publication, we focused on highlighting the outcomes of on-site inspections.

In this and the previous publications, we provide an overview of the key institutions under CSSF's supervision, offering insights into various aspects of CSSF's supervisory practices. Additionally, we highlight significant past and forthcoming priorities, along with key findings from off-site inspections. In the next and last publication, our focus will shift to the noteworthy regulatory changes that unfolded in 2022, providing a glimpse into anticipated developments for the years ahead.

Supervision of Payment Institutions and Electronic Money Institutions

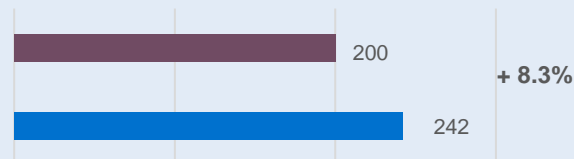
Legend

- 2021
- 2022

Number of Authorised Institutions



Volume of transaction (EUR bn)



Within the context of its prudential oversight, the CSSF checked adherence by Payment Institutions and Electronic Money Institutions to (i) Safeguarding requirements of funds of payment service users and electronic money holders; (ii) Requirements on central administration, on the sound and prudent management of these institutions, and (iii) Requirements relating to payment security.

The CSSF participated in EBA working groups for the PSD2, anticipating the European Commission's proposal for revised PSD3 in Q3. Additionally, plans for a Payment Services Regulation and a financial data access framework aim to empower customers, foster trust, and ensure consistency.

The CSSF particularly highlighted the discussions concerning:

- The internal control framework;
- The central administration and the presence of the management body;
- The internal control and governance structures established within the scope of outsourcing;
- The evolution and advancement of the institutions' human and technological resources within the context of expanding or developing their payment and electronic money services.

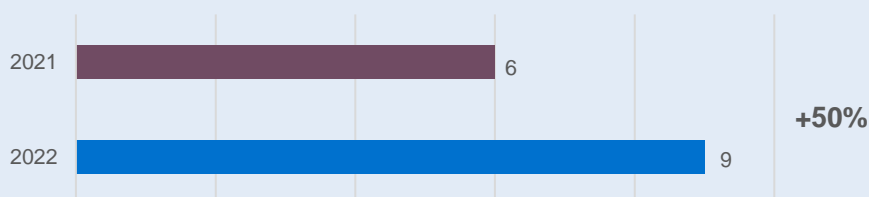
Relevant entities could expect new requirements on the governance regulatory framework in the next few years.

Virtual Asset Service Providers (VASP)

Legend

- 2021
- 2022

Number of Registered VASP



As of today, the CSSF responsibilities concerning VASPs registered in Luxembourg are limited to the domains of registration, supervision, and enforcement solely for AML/CFT objectives.

Like other professionals in the financial sector, an annual AML/CFT questionnaire was formulated in 2022 for VASPs. This questionnaire was subsequently dispatched to VASPs earlier in 2023. The data and insights garnered from this questionnaire will facilitate a risk assessment and standardized evaluation of these entities.

The key elements of the off-site supervision of the ML/TF risk include, among others, the analysis of the annual reports of the compliance function and, where applicable, the internal audit function.

Relevant entities could expect new requirements on the governance regulatory framework in the next few years. In this context, please refer to the following page for more information on MiCA.

Publication Timeline

This newsletter, the **fifth** in a series of 6 publications.



On-site Inspections

Published 13/09/2023



Credit Institutions

Published 20/09/2023



IFMs and UCIs

Published 27/09/2023



PFS

Published 04/10/2023



Payment, Electronic Money Institutions and VASPs

Published 11/10/2023



Challenges for the next years

By 18/10/2023

Why Mazars for you?

Joined-up Mazars engagement team



As a truly integrated partnership and firm, we operate seamlessly across borders. Our commitment to clients is absolute – we furnish you with a seasoned senior team well-versed in the intricacies of the field. You will benefit of senior leaders ‘on the ground’, poised to deliver not just insights but transformative, value-enhancing recommendations.



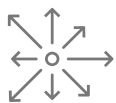
Tailored, pragmatic, joined-up approach



In these challenging times, Mazars is committed to support you navigating the regulatory challenges. As a service provider, our work is practical, and our conclusions and action plans will be pragmatic and fine-tuned to our clients’ needs. We will tailor our approach to ensure our work meets each and every client's specific requirements.



Personal and personable approach



We strongly believe that this sets us apart from the competition. Our commitment is to invest time and effort in truly understanding the unique environment of each entity we engage with. We approach every interaction with a willingness to listen, to empathize, and to adapt.

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