

Neobank Regulatory Strategies

Own Banking License

N26, Monzo, Starling

Advantages:

- + Full control
- + Direct deposits
- + Credit products
- + Higher trust

Disadvantages:

- High capital req.
- Long approval
- Regulatory burden
- Expensive

Time: 2-4 years

Cost: \$10-50M+

E-Money License

Revolut (EU), Wise

Advantages:

- + Faster approval
- + Lower capital
- + EU passporting
- + Payment focus

Disadvantages:

- No lending
- No FDIC/FSCS
- Deposit limits
- Trust issues

Time: 6-12 months

Cost: \$1-5M

BaaS Partnership

Chime, Current, Dave

Advantages:

- + Fast launch
- + Low cost
- + FDIC via partner
- + Focus on UX

Disadvantages:

- Revenue share
- Less control
- Partner risk
- Scaling limits

Time: 3-6 months

Cost: \$100K-1M

Note: Many neobanks start with BaaS/E-Money and later obtain full banking licenses