



**COUNTRY
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Romania FINTECH

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This country-specific Q&A provides an overview of fintech laws and regulations applicable in Romania.

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ROMANIA FINTECH



1. What are the sources of payments law in your jurisdiction?

Directive (EU) no. 2015/2366 on payment services in the internal market (“**PSD2**”) applies in Romania since 2019. PSD2 was transposed through Law no. 209/2019 regarding the payment services, which has not been amended until present. In addition, regulatory acts regarding the subsequent effects of PSD2 at the EU level (e.g. Commission Delegated Regulation (EU) 2018/389 related to regulatory technical standards for strong customer authentication and common and secure open standards of communication) are also applicable in Romania.

We expect that the proposed PSD3 and Payment Services Regulation, published in 2023, will determine the evolution of the payments sector with an inclusive but cautious approach, and with a view to integrate the emergence of open finance. It is almost certain that Romania will accurately reflect the PSD3 in its national legislation, as it has done in the past with PSD2 and other similar directives.

The Directive 2009/110/EC (i.e. the “E-Money Directive”) on the activities of electronic money institutions has been also implemented, notably without the optional exemptions provided for in Article 9 of this Directive¹.

As a result, on the basis of the European *acquis*, the Romanian legal system defines, *inter alia*, the activities that are subject to authorisation, the procedure for authorisation and the way in which the liability of these specific service providers is to be assessed.

Romania has adopted a solid legal framework governing payments. This covers the scope of multiple levels of authority, from primary laws (e.g. Law no. 210/2019 regarding the activity of issuing electronic money) to Government’s ordinances (e.g. regarding the introduction of modern payment systems) and legislative acts issued by the national bank (e.g. NBR Regulation no. 3/2018 regarding the monitoring of financial market infrastructures and payment instruments).

As in the case of other modern countries, in Romania the payment industry is placed under the strict control of its national bank (i.e. the National Bank of Romania or NBR). In general, any person that plans to offer payment services or even a service strongly connected with payment processes must firstly obtain a specific license issued by these public entities. Exceptions to this rule are similar to those provided for in the PSD2.

Furthermore, the National Bank of Romania monitors the effectiveness of payments law and it continues to constantly adopt regulations relevant in this field. The provisions of its decisions and orders should be regarded as mandatory by all entities directly or indirectly involved in the payment process. For a detailed and updated list, please refer to the information published by the NBR regarding sources of payment law².

Footnotes:

¹
https://finance.ec.europa.eu/system/files/2017-01/romania_en_6.pdf.

²
<https://www.bnr.ro/Legislatie-aplicabila-instrumentelor-d-e-plata-si-sistemelor-de-plati-3108-Mobile.aspx>.

2. Can payment services be provided by non-banks, and if so, on what conditions?

By way of derogation, certain payment services may be provided in Romania without the need for a regular banking licence.

This is particularly the case where payment or e-money institutions are the service providers. In addition, non-banking financial institutions are expressly permitted to carry out payment services, pursuant to Article 14(9) of the Romanian Law no. 93/2009.

Under the PSD2 derogation regime, payment services except for the case of ‘payment initiation services’ could have been provided under certain conditions even in the

absence of a PSP license (i.e. payment service provider). However, it must be outlined that Romanian chose to lay down a more restrictive approach, in the sense that exemptions apply only when payment instruments are used for the acquisition of (i) goods and services traded at a retail level by their issuer / (ii) goods and services from a chain of vendors affiliated or similar to the issuer / (iii) a single type of goods or services or a limited number of goods or services that are functionally directly interdependent.

A specific exemption mechanism is enforceable in case of small payments rendered by or from providers of electronic communications related to their networks or services.

It should be noted that an assessment by the NBR would be required, on a case-by-case basis, before launching an unlicensed payment service.

As regards freedom of establishment, please note that, based on the EU passporting mechanism, entities licensed as PSPs in other member states can legally operate in Romania and vice versa is also true. Nonetheless, this is subject to prior notification to the NBR and obtaining its mandatory assessment, as was the case with Revolut.

In practice, more than 300 EU companies that have so far notified the NBR are allowed to provide payment services in Romania. And although there are only 2 EMI licence holders (i.e. Capital Financial Services and Orange Money IFN), many other non-banking entities and platforms, such as Revolut Business, BinancePay, Monzo or Wise, have been authorised to operate in this market.

3. What are the most popular payment methods and payment instruments in your jurisdiction?

Recently, for the purpose of tackling tax evasion, new rules were imposed for daily cash payment limits, at the levels of 10,000 lei (€2,000) and 5,000 lei (€1,000) for individuals and merchants, while cash-&-carry store receipts are capped at 2,000 lei (€400) per transaction of each person.

As a general note, starting with their regulation and detailed implementation aided by the NBR, digital financial services have succeeded to overshadow the traditional way of payment (by cash). More exactly, the most popular instrument for current payment is contactless credit or debit card, followed in the digital space by mobile banking and by banking from browser right after.

These observations apply to general retail and online shopping, and they are especially relevant as to the urban areas.

The availability and reliability (including from the legal perspective) of alternative payment solutions, such as PayPal, Wise, Revolut, Masterpass, Paysafecard, should continue to support the growth of e-commerce in the coming years.

As stated in official Government reports, the Covid-19 pandemic has entailed an accelerating shift from traditional to electronic payments. Being forced in this context to reduce costs, traditional banks have promoted online payments by introducing (i) multifunctional ATMs and (ii) different prohibitive measures (e.g. closing the cash desks and increasing the commission charged for cash deposits and withdrawals).

Furthermore, the increased interest for digital currencies experienced in the near past in Romania, as well as the propensity of decentralized applications based on DLT (usually used in conjunction with bank or open bank transfer orders) are expected to enhance this trend.

4. What is the status of open banking in your jurisdiction (i.e. access to banks' transaction data and push-payment functionality by third party service providers)? Is it mandated by law, if so, to which entities, and what is state of implementation in practice?

The concept of open banking was developed in Romania especially after the enforcement of PSD2, and its national transposition through Law no. 209/2019. Until then, banks were showing certain rigidity or conservatism in the transmission of financial information. However, PSD2 removes the banks' monopoly on such data, insofar as it allows various fintech companies to develop and innovate, implicitly transforming the financial system through technology.

In addition, PSD2 regulatory framework requires banks to open up access to their own banking data through APIs, enabling secure connectivity and integration with any type of secure digital application that meets the same standard of safety and security requirements.

Romania has pioneered the adoption of open banking in the CEE region with two traditional banking players. In 2019, CEC Bank, one of the largest retail banks in Romania, has partnered with Finqware in order to launch features based on open banking, and in 2020 Transilvania Bank has launched a similar feature.

Non-traditional players have also emerged to take advantage of the open banking phenomenon. For example, the Romania-based software company Smart Fintech announced to have obtained an NBR authorization on an application designed to facilitate direct payments in connection with the Romanian leading banks (e.g. BCR, BRD, ING, Transilvania Bank, Unicredit Bank, Raiffeisen, CEC Bank).

Statistics have been showing the country's readiness for open banking for a number of years, taking into account the significant increase in demand from individuals and businesses ordering goods or services over the internet, not to mention the potential fintech implications of Web 3.0.

At the end of 2023, the digital payments index (DPI) in Romania was rated at 56 out of 100 points. Furthermore, according to Statista, online banking penetration in Romania is forecast to amount to 24.03% in 2024 (which is 8% higher than three years ago).

5. How does the regulation of data in your jurisdiction impact on the provision of financial services to consumers and businesses?

With regard to the banking sector, Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy primarily regulates the processing of financial data in Romania. This legislative act, which is subject to constant reviews, was considered in general to provide an adequate framework for data interactions, under the prudential supervision of NBR.

In most cases, the provision of financial services involves the completion of the Know-Your Customer (KYC)/Anti-Money-Laundering (AML) process, respectively the processing of a huge package of clear personal data and indirect personal information arising from the financial activity carried out by each user.

The EU Regulation no. 2016/679 regarding data protection ("**GDPR**") has been implemented through means of national legislative measures that do not impose overriding obligations on processors. Therefore, for most major players, the procedures and safeguards for processing personal data were not seen as additional barriers to the standard imposed by GDPR, and compliance has now largely become common practice.

Reportedly, some of the largest local banks have been sanctioned by the national data protection authority (ANSPDCP) with fines exceeding €100,000.

In certain areas, such as crowdfunding (EU Regulation

no. 2020/1503 and Romanian Law no. 244/2022) and payment services (PSD2, at the moment), special attention should be paid to the requirements for processing customers' personal and financial data (with access based strictly on the 'need to know' principle). In particular, it should be noted that under PSD2, payment institutions may provide operational services ancillary to payment services consisting of holding or storing and processing personal data of customers. However, since their legal enactment in Romania is clearly in line with the EU law, financial providers would not be exceptionally hindered, as long as no personal data is operated outside the EU from Romania.

KYC and AML processes, which are mandatory in the specialised financial sectors, involve the collection and processing of a large amount of direct personal data, as well as indirect personal data derived from each user's financial activities. Proper education of the public about the importance of these procedures has become increasingly necessary in the actual global economic context (as outlined in the National Strategy for Financial Education), in order to create higher levels of comfort and integration for individuals and businesses alike.

As FinTech requires the processing of personal data on a broader scale, this industry is also an important beneficiary of the privacy enhancing technologies, such as k-anonymity, e-differential privacy, homomorphic encryption and hashing. In our jurisdiction, the seamless of the protection of data subjects' rights (e.g., the right of access, erasure, data portability or the right to object) with these the aforementioned technological capabilities always requires a careful case-by-case analysis, with a natural focus on the key EU and national law, in order to ensure the most effective compliance.

At EU level, you should be aware that the Data Governance Act has become applicable and fully enforceable from September 2023, regulating a number of processes and structures to facilitate voluntary data sharing. The complementary Data Act will become applicable in September 2025. It is highly recommended that all organizations, and in particular the novel sectors such as open finance and IoT, implement these enactments without delay, as they are expected to purposefully regulate data sharing systems across the FinTech industry.

6. What are regulators in your jurisdiction doing to encourage innovation in the financial sector? Are there any initiatives such as sandboxes, or special regulatory conditions for fintechs?

No specific sandbox was implemented until present in the Romanian financial sector, taking into account issues such as costly set-ups, requirements of deep organisational buy-ins or untested long-term impacts on the market. However, Romania has undertaken the measures required by the European Commission under the [FinTech Action plan](#) to ensure regulatory testing facilities and consistent monitoring practices.

A step in that respect was the authorisation afforded to the Financial Supervisory Authority ("**FSA**") as to guide and monitor the evolution of FinTech and which, at the moment, conducts both the FinTech and the InsurTech Hub. As outlined in the 2023 Report of the International Monetary Fund entitled *Institutional Arrangements to Monitor and Respond to Fintech*³, the innovation hubs should most importantly engage external shareholders to exchange ideas and understand trends. And the Romanian Fintech Hub and InsurTech Hub can be considered to have successfully concentrated the attention of the companies relevant in the local market. As a result, these instruments can be regarded capable to support the digital industry and its regulatory objectives.

In what financial support is concerned, Romanian regulators are carrying out the obligations of duly allocating both the EU minimis aid scheme and the [Recovery and resilience plan](#) for innovation in the financial sector. We shall also add that Romania has implemented tax incentives (in this regard, please see Q8), and has significantly facilitated the access to finance for FinTech start-ups.

FinTech associations and initiative groups have also found assistance from the part of Romanian institutions, to the extent permitted under the dedicated regulatory framework, considering they are naturally regarded as an important factor in view of challenging the *status quo* in innovation.

Therefore, albeit a sandbox regulation has not yet been adopted, it is worth noting that the government plans for Romania emphasise the importance of taking full advantage of this fintech momentum in order to create the most appropriate regulatory environment for the digital development of our society.

It is important to note that encouraging innovations could not be beneficial in the long term without a proper integration of the dedicated regulatory framework. This is particularly the case with the propensity of challenges posed, for example, by artificial intelligence and its reverberations in automatically algorithmic decision-making or how cyber risks determined also through innovation can be mitigated at the public authority level.

As such, the Romanian academic world of important law universities was stimulated to start creating LLM programs and aiding both existing and future legal professionals in the process of thoroughly discerning the best practices in the field.

Footnotes:

3

<https://www.elibrary.imf.org/view/journals/063/2023/004/article-A001-en.xml>.

7. Do you foresee any imminent risks to the growth of the fintech market in your jurisdiction?

We do not foresee imminent risks to the growth of fintech which can be deemed particular to Romania. There is no doubt that, whilst fintech is having a significant impact on markets worldwide, supervisory monitoring and covering risks should be treated with a special focus, so that the risks further outlined to be appropriately countered.

Firstly, Romanian regulators are required to find optimal legislative solutions to the complex technological and economic developments which concern the financial sector, as unlicensed or non-licensable projects constantly seek to exploit unregulated jurisdictions. Nevertheless, Romania has constantly implemented the adequate measures required from its part, and has created or transposed regulation on every relevant sector of the fintech market, as needed to proportionally enhance the attractiveness of this jurisdiction for investors.

A second major risk is represented by the consumers' different levels of vulnerability, which is in strong connection with the degree of maturity of the Romanian financial market. In this connection, the Romanian authorities have made a special effort to address knowledge issues, as well as to cooperate with the EU agencies in this field.

In what the cryptocurrency sector is concerned, the risks seem to become less and less stringent. On the one hand, this is due to the fact that during the last year we have not witnessed failures of major projects, such as the 2022 FTX and Terra-Luna crashes. On the other hand, it should be noted that the sector has started to benefit from regulatory attention, which is increasingly clarifying the rights and obligations of market participants through a series of legislative acts, including DORA (Regulation EU 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector), the

Pilot Regime (Regulation EU 2022/858 of the European Parliament and of the Council of 30 May 2022 on a pilot regime for market infrastructures based on distributed ledger technology) and, in particular, MiCAR (Regulation EU 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets).

With regard to the risks recently emphasized by European officials in relation to payment frauds or regular credit transfers and Strong Customer Authentication (SCA), the pending legislation (such as PSD3 and Payment Services Regulation) is expected to appropriately reinforce the EU and Romanian 'lines of defense'.

Finally, we should point out that technology and innovation are benefitting from substantial funds offered by the state budget, as recent research papers show, and that Romania has enacted at the end of 2023 a law aimed at ensuring its financial resilience in the long term.

8. What tax incentives exist in your jurisdiction to encourage fintech investment?

In Romania there is no specific tax incentives meant to encourage fintech investments. However, Romanian regulator has created important tax incentives for the entire tech industry, which has a direct positive impact in the fintech industry such as:

- No income tax for developers, under the threshold of RON 10,000 (EUR 2,000) for each programmer, and reduced taxes above this limit;
- Only 3% tax rate on income of the fintech companies having revenues registered in the previous year above €60,000, and up to €500,000;
- No tax on income for employees working in connection with innovation, research and development
- No tax on profit until the first 10 years of activity for companies which carry out innovation, research and development activities;
- Operations carried out within the research-development and innovation projects are not included in the scope of VAT, provided that the research results thereof are not transferred to another person.

Incentive measures were also taken for consolidating regular companies, such as the reduction of up to 15% of

the due annual profit tax for the period 2021–2025; the deduction of adjustments for impairment of uncollected receivables increased to 50%; and the compensation of tax losses of companies belonging to the same group, which now results in owing profit tax only for the net profit obtained at the group level (fiscal consolidation).

Important tax incentives also apply to revenues deriving from certain intellectual property rights.

Notwithstanding the above, regulators have pointed out that the fintech field is one of the main beneficiaries of the *de minimis* aid scheme for supporting SMEs in order to carry out processes for the development of innovative conceptual models in the digital space, which are clearly supported and encouraged by the Romanian regulators.

9. Which areas of fintech are attracting investment in your jurisdiction, and at what level (Series A, Series B etc)?

Nowadays one of the hottest topics in EU and in Romania also is around the crowdfunding industry, which since this year is fully effectively regulated at the EU level and it seems to become attractive for institutional investors. On the one hand, crowdfunding platform has managed to attract their own funding, in Romania and reportedly in the Moldavian Republic. On the other hand, they played an important role in funding Series A and Series B of startups active especially in open banking, digital assets, cloud payment services, generative AI, InsurTech, data simulators and finance management applications.

Recent venture capital reports indicate a clearly interest in particular in Series A investments as to Romanian fintech companies.

10. If a fintech entrepreneur was looking for a jurisdiction in which to begin operations, why would it choose yours?

Even though the banking sector is still dominated by traditional banks, Romania has so far demonstrated that is ready to embrace immersive fintech solutions. In this respect, the Romanian fintech industry has adopted various projects aimed at creating a cashless society, such as Revolut or MobilPay, and it has also witnessed the outbreak of crypto-to-crypto payment applications.

Especially in the last five years and as outlined within the local FinTech Hub, the Romanian tech market is known for offering many valuable products and solutions in the benefit of the relevant industries, such as crowdfunding (e.g. Highcrowd), blockchain (e.g. Arthera),

crypto (e.g., Humans, Zaya), financial (MobilPay), banking, e-commerce, software-as-a-service (e.g. LiteApp, CloudHero, Synapsa), deeptech, etc.

Romania deserves to be considered as one of the ideal places in Europe for entrepreneurs, investors and medium to large companies (including, but not limited to, large and very large online platforms) to scale up their fintech businesses.

The entire public administration is significantly accelerating the pace of digitisation, and the innovative technical solutions that replace traditional methods are legally protected and generally accepted. In this way, the national market has made steady progress from offering only cost-efficient services towards offering cost-efficient services that are also high quality.

Other strong points for FinTech companies looking to either open centres in Romania, hire local staff and/or expand their services to this particular country could be, for example, the fact that Romanians (i) reportedly have the highest download and adoption rate of mobile applications in the EU and (ii) are considered to be extremely highly skilled IT developers, yet at the same time cost effective compared to Western Europe.

As a result, the IT sector witnessed a high degree of adoption of new technologies integrated both in new and existing software products. The levels of foreign investments in Romania are relatively high due to the comfortable degree of investors' confidence in the growth potential of the market. In parallel, the central state administration encourages the development of local start-ups in various economic fields, hence the technology and innovation part are benefiting from substantial financial and even government supported incentives.

11. Access to talent is often cited as a key issue for fintechs - are there any immigration rules in your jurisdiction which would help or hinder that access, whether in force now or imminently? For instance, are quotas systems/immigration caps in place in your jurisdiction and how are they determined?

Considering its status as an EU member state, Romania is centred on the principle of the free circulation of persons within the European space. Furthermore, it continues to implement the necessary measures in view of being allowed to join the Schengen area.

The conditions of working and/or studying in Romania

were therefore eased in case of citizens pertaining to another member state, by way of measures meant also to enhance the access of FinTech companies to the relevant labour market. In this case, a right of residency of 6 months shall be firstly and easily afforded to EU citizens for working purposes in Romania, which remains valid even in a period of temporary incapacity for work or if that person becomes unemployed.

Another favourable measure is the fact that once a long-term residence permit has been obtained, the worker concerned is guaranteed a number of important social rights, such as the public pension and social security system. It shall be also noted that FinTech related jobs can be quite easily fit in one of the classified occupations in Romania in order to conveniently secure these rights.

For non-EU citizens and non-residents, the more restrictive conditions for living and working must be passed by the General Inspectorate for Immigration, in compliance with the annual immigration cap. It must be stated nonetheless that post-communist Romania has never adopted anti-refugees or otherwise exclusionary policies. It goes without saying that having a spouse or family member already resident in Romania will make it even easier to access the labour market and obtain the necessary documentation for long-term employment.

12. If there are gaps in access to talent, are regulators looking to fill these and, if so, how? How much impact does the fintech industry have on influencing immigration policy in your jurisdiction?

Romanian regulators have attempted to put in place all the requisite solutions for easing access to talent within the most demanded industries.

Economic studies have revealed so far that a particular strength of the Romanian FinTech market is represented by the software development centres and skilled developers that companies may easily find here. It is a well-established fact that Romania has shown great talent in the space of information technology, with IT teams winning important international contests and being hired up to the top in ones of the most prestigious digital companies throughout the world.

Furthermore, to tackle the issue of youth unemployment, a set of important financial incentives aimed at stimulating the employment of young individuals, university graduates and IT workers, in particular.

Whilst the interest as to working in digitally-infused environments has significantly increased (as

documented through the *Future of Jobs Report* published by the World Economic Forum) and important tax incentives were introduced in Romania for this purpose (as detailed under Q8), the FinTech industry definitely plays an important role on influencing the local immigration policy.

13. What protections can a fintech use in your jurisdiction to protect its intellectual property?

Intellectual property is highly protected in Romania, where a very wide range of infringements are sanctioned by laws enacted as to various IP rights.

FinTech companies often articulate the protection afforded to them by such legal provisions by including contractual clauses that set out specific obligations (under certain conditions) and also clearly define the liability of the parties in certain scenarios.

FinTech is concerned with trademarks and patents, but copyright, trade secrets and the protection of know-how are also of great interest, depending on the area of specialisation of each company.

To briefly illustrate some of the features, please note that:

- Patent registration should be carefully considered for innovative new hardware solutions prior to any product disclosure. The element of novelty is crucial to patentability, any disclosure being sufficient to forfeit the right to obtain registration.
- Copyright is regulated throughout Law no. 8/1996 on copyright and related rights, with a special focus on computer programs vested with wide applicability. Pursuant to the Romanian law, copyright regarding computer programs pertains to the employer (not to the developers in question), unless the parties provide otherwise.
- Trademarks are protected by Law no. 84/1998 which is of particular importance for FinTech companies that manage valuable financial assets. This regulation provides guarantees of trust for all clients of these companies and secure the position thereof within the relevant market.
- Industrial design is covered by Law no. 129/1992 and secondary legislation and it represents a valuable asset especially in what concerns hardware products. This can reassure businesses that the merits of originality in design will not be illegally exploited by bad actors.

- Trade secrets and the protection of know-how are widely covered by the general provisions of the Romanian Civil Code. On the basis of this legal regime, companies are able to include highly protective IP clauses in their contracts with suppliers, employees and, to a certain extent, even consumers.

14. How are cryptocurrencies treated under the regulatory framework in your jurisdiction?

In the current legal framework, Romania does not have a general regulation for new and emerging technologies. This is mainly regulated at EU level, where the legislative process and approach are incremental. Specialised practitioners in related fields, including technology law, are therefore faced with the task of identifying and interpreting similar concepts in their national legislation in order to propose adequate solutions, although none of these concepts have been developed by taking into account the specificities of cryptocurrencies and blockchain.

Romanian regulators have rallied, in general, with the voice of the EU entities, expressed *inter alia* in the preamble to the MiCA Regulation (e.g. *"The Union has a policy interest in developing and promoting the uptake of transformative technologies in the financial sector, including the uptake of distributed ledger technology. It is expected that many applications of distributed ledger technology, including blockchain technology, that have not yet been fully studied will continue to result in new types of business activity and business models that, together with the crypto-asset sector itself, will lead to economic growth and new employment opportunities for Union citizens"*).

The following are some of the particularities of the national legal system:

- fiscal regulations applicable to individuals, respectively the method of taxation of the income obtained by the natural persons from cryptocurrency activities;
- implementation of the sixth directive on combating money laundering and the financing of terrorism with regard to cryptocurrency service providers by Law no. 101/2021;
- from the perspective of criminal law, ownership of cryptocurrencies has been strengthened by sanctioning crimes such as theft, robbery or empanelment that are committed in connection with cryptocurrencies.

- in absence of a specific regulation, national agencies such as The National Agency for Fiscal Administration of Romania have begun to develop guidelines for the creation of a solid working framework. According to this Agency, NFTs are defined as *“a unit of unique data from a computer ledger called blockchain. NFTs correspond to files of various formats, depending on the nature of the process creation”*.

15. How are initial coin offerings treated in your jurisdiction? Do you foresee any change in this over the next 12-24 months?

Romania has not yet adopted a specific regulatory framework for ICOs, as this falls more within the scope of univocal EU legislation. As a result, MiCA Regulation sets forth specific provisions in respect of offerings, which shall apply as of December 2024 in the case of crypto-assets that are not either (i) electronic-money tokens (i.e. E-Money Tokens) or (ii) asset-reference tokens (i.e. ARTs).

The issuers and persons seeking admission to trading of “coins” (in the meaning of crypto-assets falling under the scope of the MiCA Regulation) will have to observe this uniform legal regime, which will be adjusted periodically on the basis of observations reported by national and EU authorities in relation to the crypto-asset market.

On a different note, we may point out that to date there has been no national licensing requirement for providers of services related to crypto-assets. Although based on the AML5 package crypto-exchanges and crypto-wallets platforms were required a licence, Romania has not yet enacted the secondary legislation that would have made this effective. If this situation will continue, these crypto-assets service providers (or CASPs) will be not be subject to authorisation until MiCAR applies to them (i.e. 31 December 2024).

We strongly recommend that all market participants offering or planning to offer services related to crypto-assets falling under MiCA seek advice and prepare their compliance accordingly, bearing in mind that all requirements should be met by the end of this year at the latest.

16. Are you aware of any live blockchain projects (beyond proof of concept) in your jurisdiction and if so in what areas?

Based on the relative notoriety of the ongoing projects,

such examples of Romanian projects can be referred to as follows:

- **WAM** (play to earn)
- **Zaya AI** (MedTech on blockchain)
- **Arthera** (L1 Blockchain)
- **Sense4Fit and Emorya** (fitness play to earn app)
- **MultiverseX** (blockchain and decentralised exchange)
- **Tokero, Coinzix and IXFI** (cryptocurrency exchange)
- **Humans** (blockchain and AI related project)
- **Ludo** (NFT multichain aggregator)
- **Blockhunters** (Stalking agency)
- **Oveit** (NFT Ticketing)
- **Burnify** (Token burning)
- **Cowcow** (NFT and IP related mechanisms)
- **Moonflow and XOXNO** (NFT Marketplace)
- **Super Victor** (Charity project)

Therefore, it shall be noticed that Romania already represents a blockchain innovation hub, where a wide spectrum of outstanding projects is currently developing or has even achieved worldwide recognition. On top of that, in areas such as DeFi, GameFi, NFTs, several digital projects are shaping their tips, starting with the Romanian market.

It should be noted that all top 50 projects and cryptocurrency exchanges are present in Romania also, including Binance, as well as one of the biggest validators in the Cosmos Network.

17. To what extent are you aware of artificial intelligence already being used in the financial sector in your jurisdiction, and do you think regulation will impede or encourage its further use?

According to the last Digital Economy and Society Index Report, with approximatively 1.4%, Romania has the lowest uptake rate of AI adoption among the EU states. However, it was repeatedly reported that during the last two years Romanian financial institutions and entities have increased the pace of AI adoption.

One positive signal was given by the Romanian tax authority's intention to implement AI-based solutions in its systems.

A recent report revealed that approximately 30% of the licensed financial entities in Romania are in the process of implementing AI and machine learning in view of levelling up their management of anti-money laundering

compliance. Transilvania Bank is a leading bank in Romania that constantly aims to implement the latest technologies, including AI, to offer its customers the best experience. Anticipating that AI algorithms used for internal operations are secret for security reasons, Transilvania Bank announced that their online customers are interacting with two chatbots built with the Azure Bot Service on Microsoft Azure since 2019.

Such case studies show that financial institutions in Romania, regardless of the population's AI skills, are indeed well prepared to continue implementing disruptive AI-based solutions at every level of their organisations that allow for this adaptation. And the EU's legislative proposal on artificial intelligence is expected to create a rigorous level playing field for a future-proof global model of appropriately regulating the AI in a digital-infused environment.

18. Insurtech is generally thought to be developing but some way behind other areas of fintech such as payments. Is there much insurtech business in your jurisdiction and if so what form does it generally take?

The industry benefits from the support of a dedicated Insurtech Hub organized by the FSA as of 2018. This hub brings together renowned IT companies with quite the most influential insurance companies in Romania. By duly making use of the possibilities thereby granted, new technologies are going to find their way into this business in an ever-increasing pace whilst legal uncertainties shall be easily prevented.

In terms of development so far, one shall note that even before the commencement of InsurTech Hub's activity, namely in 2014, an important Romanian insurer has introduced a completely digital service for identifying and reporting vehicle damages.

Since 2017, a Romanian insurance company has implemented an artificial intelligence solution entitled LifeBot for managing its client relation services. That same year, telematics technologies started to be present within the Romanian market and have impacted the sector of motor liability policies mostly for improving the damage assessment processes and streamlining the associated costs.

Notably, more than three ago an Austrian insurer well-accustomed in Romania has deployed robots in order to automate its internal processes for reasons of ensuring security requirements, protecting sensitive data, as well as guaranteeing full visibility and control. Henceforth,

other insurers have been introducing similar technologies with a view to avoid data errors as much as possible.

Agrobusiness has also recorded a certain level of intelligent platforms integration of insurance components.

19. Are there any areas of fintech that are particularly strong in your jurisdiction?

In most local statistics, the financial services provided by fintech companies are grouped into 4 categories: digital payments (at POS, standard electronic commerce devices or new payment gateways that use biometrics to approve payments), personal finance (investment funds, overseas transfers), alternative loans (crowdlending or marketplace lending, for business and individual customers, respectively) and alternative financing (crowd investing and crowdfunding). The market's largest segment is Digital Payments with a total transaction value projected to reach US\$13.84bn in 2024.

On a different note, we note that services such as alternative lending and alternative financing are less well known in Romania. However, this is expected to change while the maturity of the market reflects, as Romanians have shown in the last decade great interest in digital and ITC opportunities.

According to a ROTSA's study (i.e. Romanian Tech Startups Association), the effects of the Covid-19 pandemic are still influence, since the local Fintech companies and banks reported a 70% increase in the use of digital, mobile, and cloud platforms. This has led to a propensity for neo-banking, with the average transaction value per Romanian user reported to be US\$21.14k at the time of writing.

Finally, we expect the new regulation of crypto-assets and DLTs to lead to an enrichment of this sector, as the emerging rules will be assimilated by the market over the next few years.

20. What is the status of collaboration vs disruption in your jurisdiction as between fintechs and incumbent financial institutions?

Fintechs were initially only start-ups bringing competition to an old system and disrupting the traditional banking business by offering digital and personalised solutions. However, the incumbent financial institutions have started to realise that due to their

internal inflexible procedures, they could not compete with the fintech's freedom to explore and implement new technologies. In response, one approach taken by larger companies in Romania has been to organise themed hackathons and incubation programmes, with the aim of identifying and acquiring a ready-made product based on program themes pre-set in accordance with their most prominent needs. And naturally, during such FinTech companies' supervisory and incubation processes, they reportedly tend to use and share the services provided by their investors – incumbent financial institutions.

FinTech entities and existing financial institutions have realized the need and mutual benefits of collaboration, in order to increase their customer adoption, as in the case of Revolut, TransferGo or Wise, who use Libra Bank's services to offer their clients IBAN accounts in RON. We can say that many FinTech companies, either foreign and/or Romanian-based, have successfully learned to transfer their specific risks (in particular, of research vs. demand) and thus managed to optimise their products and offers, to benefit fair and robust competition.

21. To what extent are the banks and other incumbent financial institutions in your jurisdiction carrying out their own fintech development / innovation programmes?

PSD2 has forced the incumbent financial institutions to rapidly implement new technical solutions which determine them to develop, acquire or at least make available the necessary technical and financial resources for fintechs which are developing the required technical solution. A number of incumbent financial institutions (including both banks and insurance companies) are actively involved in running fintech programmes, Hackathons, incubators, or start-up accelerators.

The larger banks have over the past few years developed their own fintech products such as through the introduction of mobile banking and digitising the

customer onboarding process. This has also included making upgrades to internal systems to provide simpler access to information and services. Banks and other incumbent financial institutions carry out their own fintech development, especially regarding online availability and customer experience.

In addition, many of them have implemented innovation programmes consisting in the development of incubators or accelerators aiming at spotting the most promising start-ups and projects, giving them the environment to develop their business, keeping an eye on new financial technologies, sometimes implementing their solutions internally, and investing in them such as: BCR-InnovX, iXperiment (the first accelerator dedicated to high schools), Elevator Lab or Spherik Accelerator.

22. Are there any strong examples of disruption through fintech in your jurisdiction?

In Romania, the disruption has occurred in recent years as consumers become more comfortable using most efficient digital services where the transaction can happen instantly and without the limitations imposed by traditional banking services.

The most representative example of fintechs disrupting the traditional financial, payments and insurance system in Romania are contactless mobile payments service providers (Apple Pay or Google Pay) which are daily used by every smartphone holder and Revolut.

After the success of this project, many financial institutions begin to develop new initiatives around alternative financing. Thus, the emergence of the project Revolut in Romania has pushed the traditional financial institutions to develop a digital strategy and new capabilities to remain relevant.

Nevertheless, as undeniable strike in the fintech industry was done by the cryptocurrencies' adoption as a conventional means of payment.

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