

# NJORD Estonia: Bank account for cryptocurrency related companies in Estonia

It started around 2 years ago when Estonian banks started refusing or even closing the accounts of companies which had non-residents as shareholders or management board members. Some successful startups appeared to be among such companies.

The same happened to companies which business was related to blockchain technologies or cryptocurrency. They struggled even more. Banks in Estonia just refused to open an account for them justifying this by claiming that cryptocurrency-oriented businesses have higher risks of money laundering and terrorist financing.

Due to this reason, such companies had to open bank or payment accounts in other countries. **The problem remained that without a statement from an Estonian bank, companies were not able to prove contributions to share capital.** This led to an inability to raise share capital and to accept new equity investments.

The problem with bank accounts was under public discussion in Estonia for quite some time receiving the most criticism from the startup community. **As a result, in January 2019 new amendments of the Commercial Code entered into force. The amendments allow Estonian companies to prove share capital injections with a statement from a credit or payment institutions from other member states of the European Economic Area (EEA)** (*EU countries plus Norway, Lichtenstein, Iceland*). So, the Estonian companies can now do their equity investments rounds also using payment institutions (e.g., Holvi). This is good news for blockchain startups as payment institutions are less reluctant to work with blockchain businesses than traditional banks.

There is still a small problem . **For some reason, a share capital contribution cannot be proven with a statement from e-money institution.** According to the Estonian and EU law, e-money institution issues electronic money, but it can provide the same payment services as a payment institution. However, the amendments speak only about companies, apart from credit institutions, having a payment institution “*makseasutuste*” license. Fintech companies such as Revolut, Transferwise and Mistertango are e-money institutions according to Estonian and EU law. E-money institution license is more popular among Fintech startups all over the EEA. In addition, an e-money institution has higher requirements of share capital and AML/KYC than a payment institution. So, not covering them in the new amendments is a bit surprising from the Estonian regulator.

To conclude, the amendments made fundraising in Estonian startups much easier, as now share capital contributions can be made also into credit or payment institutions in other EEA member-states.



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