

Understanding MSB Licensing in Canada: Which Money Services Businesses Need to Register with the Bank of Canada



[By Ecompanies Canada](#)

A Money Services Business (MSB) in Canada is a non-bank entity offering financial services such as:

- **Foreign Exchange Dealing:** Exchanging one fiat currency for another, such as CAD to USD.
- **Money Transfers:** Facilitating domestic or international fund transfers between individuals or entities.
- **Money Orders or Traveler's Cheques:** Issuing or redeeming financial instruments for payment.
- **Virtual Currency Transactions:** Exchanging, transferring, or storing digital assets like cryptocurrencies.

- **Payment Processing:** Acting as an intermediary for bill payments or other financial transactions.

MSBs include domestic entities with a physical presence in Canada and Foreign Money Services Businesses (FMSBs) serving Canadian residents without a local presence. Both must register with FINTRAC under the **Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)**. However, Bank of Canada registration under the RPAA applies only to MSBs performing specific retail payment activities, such as holding end-user funds. Ecompanies Canada's services, including USD \$1,970 company registration and USD \$2,000 Bank of Canada application assistance, streamline this process.

FINTRAC: The Foundation of MSB Regulation

FINTRAC, Canada's financial intelligence unit, oversees all MSBs to prevent money laundering and terrorist financing. Registration with FINTRAC is mandatory before operations begin, regardless of Bank of Canada requirements. Key FINTRAC obligations include:

- **Registration:** Submit details about the business, owners, directors, compliance officer, and transaction volumes.
- **Compliance Program:** Develop an AML/CTF program with a designated compliance officer, policies, training, and record-keeping.
- **Reporting:** File suspicious transaction reports (STRs), large cash/virtual currency transaction reports (CAD \$10,000+), and electronic funds transfer reports (EFTRs).
- **Customer Due Diligence:** Verify client identities and monitor high-risk activities.

Ecompanies Canada's USD \$1,970 company registration and USD \$8,000 MSB nominee director services ensure a compliant foundation, while our USD \$2,000 Bank of Canada application assistance addresses additional RPAA requirements.

The Retail Payment Activities Act (RPAA) and Bank of Canada Oversight

The **Retail Payment Activities Act (RPAA)**, effective with regulations published on November 22, 2023, modernizes Canada's financial oversight by regulating Payment Service Providers (PSPs) performing retail payment activities. Administered by the Bank of Canada, the RPAA applies to MSBs that meet four criteria:

- **Retail Payment Activities:** Services like electronic funds transfers, issuing payment instruments, or holding end-user funds for payments.
- **Non-Incidental Activities:** Payment services must be a core business function, not secondary.
- **Place of Business or Canadian Clients:** A physical presence in Canada or services directed to Canadian residents.
- **End-User Funds:** Holding client funds for payment purposes, such as in digital wallets.

Registration with the Bank of Canada began November 1, 2024, with a transition period ending September 7, 2025. Ecompanies Canada's USD \$2,000 Bank of Canada application service ensures compliance with these requirements.

Which MSBs Need Bank of Canada Registration?

MSBs performing retail payment activities and holding end-user funds must register with the Bank of Canada. Examples include:

- **Electronic Funds Transfers:** Facilitating retail remittances or bill payments in fiat currencies.
- **Holding End-User Funds:** Maintaining client funds in digital wallets or prepaid accounts for future payments.
- **Payment Processing:** Acting as a payment gateway or issuing payment cards.

For instance, an MSB offering a digital wallet holding CAD for transactions must register. Foreign MSBs (FMSBs) serving Canadians and holding fiat funds also require RPAA

registration. Ecompanies Canada's USD \$2,000 service streamlines this process, preparing applications and ensuring compliance.

Exemptions from Bank of Canada Registration

MSBs are exempt from RPAA registration if their activities don't involve retail payment functions or holding end-user funds. Common exemptions include:

- **Foreign Exchange Dealing:** Currency exchanges (e.g., CAD to EUR) without holding funds for payments.
- **Money Orders/Traveler's Cheques:** Issuing or redeeming instruments without holding client funds.
- **Virtual Currency Transactions:** Crypto-only exchanges or wallets, as the RPAA excludes digital currencies.
- **Incidental Activities:** Payment services secondary to another business (e.g., a retailer's payment processing).
- **Regulated Entities:** Banks, credit unions, or trust companies under other legislation (e.g., Bank Act).

For example, a crypto exchange dealing solely in Bitcoin is exempt from RPAA but must register with FINTRAC. Ecompanies Canada helps clarify these distinctions, ensuring compliance with applicable regulations.

Crypto-Related MSBs: Special Considerations

Cryptocurrency MSBs face unique regulatory nuances. While FINTRAC regulates virtual currency transactions under the PCMLTFA, the RPAA excludes digital currencies from its scope. However, MSBs handling fiat alongside crypto (e.g., CAD-to-Bitcoin conversions with fiat wallets) may require Bank of Canada registration if they hold end-user fiat funds.

Case Study: A crypto platform allows users to deposit CAD into a wallet for crypto purchases. This triggers RPAA registration due to fiat fund-holding. Ecompanies Canada's USD \$2,000 Bank of Canada application service ensures compliance, while our USD

\$1,970 incorporation and USD \$8,000 nominee director services support FINTRAC requirements.

Bank of Canada Registration Requirements

For MSBs subject to the RPAA, registration with the Bank of Canada involves:

- **Application Submission:** Submit details via the PSP Connect portal, including business structure, payment activities, and compliance measures. Existing PSPs applied between November 1–15, 2024; new PSPs must apply 60 days before operations.
- **Registration Fee:** A variable fee based on entity size and activities.
- **Risk Management Framework:** Implement policies to manage operational, financial, and cybersecurity risks.
- **Fund Safeguarding:** Hold end-user funds in trust accounts or secure insurance.
- **Ongoing Supervision:** Comply with Bank of Canada monitoring, with fines or revocation for non-compliance.

Ecompanies Canada's USD \$2,000 Bank of Canada application service includes application preparation, compliance program development, and regulatory coordination, ensuring a seamless process.

Provincial Requirements for MSBs

Beyond federal regulations, some provinces impose additional requirements:

- **Quebec:** MSBs serving Quebec residents must obtain a provincial license from Revenu Québec, alongside FINTRAC registration.
- **British Columbia:** Emerging legislation may introduce MSB licensing requirements, pending implementation as of July 2025.

Ecompanies Canada navigates these provincial nuances, ensuring full compliance across jurisdictions.

Why Choose Ecompanies Canada?

Ecompanies Canada simplifies the complex MSB licensing process, offering:

- **Company Incorporation (USD \$1,970):** Federal or provincial registration with a Corporate Tax ID and Minute Book, completed in 24 hours.
- **FINTRAC Registration Support:** Preparation of KYC/AML policies and application submissions.
- **Bank of Canada Registration (USD \$2,000):** Application preparation and compliance support for RPAA requirements.
- **Nominee Director (USD \$8,000):** A Canadian resident director for federal and FINTRAC compliance, preserving your control.
- **Compliance Support:** Ongoing AML/CTF program development and training.
- **Bank Account Setup:** Facilitating corporate bank accounts for MSB operations.

Our Toronto-based expertise ensures your MSB meets all regulatory obligations efficiently.

Practical Tips for MSB Compliance

To succeed, adopt these strategies:

- **Assess RPAA Applicability:** Determine if your MSB holds end-user funds, using our USD \$2,000 service to confirm.
- **Invest in Compliance Tools:** Use software like Actimize (USD \$5,000–\$10,000 annually) for reporting.
- **Train Staff:** Conduct quarterly training on FINTRAC and RPAA requirements.
- **Budget for Costs:** Plan for USD \$1,970 incorporation, USD \$8,000 nominee director, USD \$2,000 Bank of Canada application, and ongoing expenses.

Conclusion

Navigating MSB licensing in Canada requires understanding FINTRAC and Bank of Canada requirements. MSBs handling retail payment activities and end-user funds must register under the RPAA, while crypto-only or foreign exchange MSBs may be exempt. Ecompanies Canada's services—USD \$1,970 for incorporation, USD \$2,000 for Bank of Canada registration, USD \$8,000 for nominee director—ensure compliance and efficiency. Contact us at orders@ecompaniescanada.com to launch your MSB in Canada's vibrant financial market.

Partner with Ecompanies Canada to navigate licensing and build a compliant MSB. Start today.

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