

## When the Law Comes Knocking:

# HOW FINTECH FIRMS CAN STAY AHEAD

BLC served as a Bronze Sponsor of the Global Finance & Technology Network (GFTN) Tbilisi Finance Summit 2025, which took place on 22-23 October. This flagship summit, co-organized by the National Bank of Georgia, brought together global leaders in financial technology, regulatory policy, investment, and innovation to discuss emerging capital flows, evolving regulatory frameworks, and the accelerating digital transformation of financial services.

As part of the summit's program, BLC delivered a presentation during the GFTN workshop titled "*When the Law Comes Knocking: How Fintechs Can Stay Ahead.*" The discussion focused on the practical regulatory challenges fintech firms face when expanding into new markets, drawing on Georgia's experience as a growing fintech hub and on cross-border trends observed across multiple jurisdictions.

Below, we distill the key legal and strategic takeaways for fintech firms seeking to scale responsibly amid increasing regulatory scrutiny.

### Regulatory Hurdles

The key question for fintech firms is no longer whether regulation will apply but how prepared they

will be when it does. As they expand into new markets, fintech firms must navigate a fragmented regulatory landscape rather than a harmonized global framework.

Licensing and authorization remain one of the first and most complex hurdles. Payment services, electronic money issuance, virtual asset services, and other regulated activities are subject to jurisdiction-specific regimes. In Georgia, as in many jurisdictions, this frequently requires the establishment of a local legal entity and engagement with the National Bank of Georgia at an early stage.

Banking access and cross-border payments present equally significant challenges. Even fully compliant fintech firms may struggle to secure correspondent banking relationships without robust AML/KYC frameworks aligned with local and international standards. Restrictions on settlement currencies and foreign-exchange controls can further complicate operations if not addressed during the structuring phase.

Data protection and privacy have also become central to fintech compliance. Georgia's personal data protection framework increasingly reflects GDPR-style principles, particularly with respect to lawful processing,

transparency, and cross-border data transfers. Firms that treat data compliance as an afterthought often face costly restructuring down the line.

Beyond formal regulation, cultural and operational alignment plays a decisive role. Consumer trust, onboarding practices, disclosure expectations, and complaint-handling mechanisms vary significantly across jurisdictions. Simply replicating a foreign business model (by translating existing terms and conditions, for example) rarely satisfies local consumer protection requirements.

### Transforming Compliance Hurdles to Strategic Advantage

Regulation does not need to be reactive. Fintech firms that integrate legal strategy into their growth plans are better positioned to scale sustainably.

Early engagement with regulators is critical. Informal consultations with supervisory authorities can clarify whether proposed activities trigger licensing requirements, what documentation will be needed, and how long approval processes are likely to take.

Strategic partnerships can significantly reduce entry barriers. Collaborating with licensed payment service providers, BIN sponsors, or local financial institutions allows fintech firms to operate within an existing regulatory perimeter while testing the market.

Flexible structuring is another key tool. Simple shareholding arrangements, sandbox participation, white-label solutions, and phased licensing strategies enable fintechs to manage risk while preserving growth optionality.

Data protection by design should be a foundational principle. Aligning internal policies, IT architecture, and vendor arrangements with data protection requirements from the outset is far more effective than retrofitting compliance after launch.

Finally, localization of consumer protection is essential. Disclosures, risk warnings, marketing practices, and user journeys must reflect local law and consumer expectations – not merely mirror foreign templates.

### Key Takeaways for Fintech Firms

Several core principles emerge from the regulatory experience of fintech firms expanding into new markets:

- ▶ Regulation is not inherently a barrier if anticipated early and addressed strategically.
- ▶ Localization, whether legal, operational, or cultural, is a decisive factor in building trust and adoption.
- ▶ Strong compliance frameworks enhance credibility with regulators, banks, and users alike.

In an increasingly interconnected financial ecosystem, fintech success depends not only on innovation, but on the ability to navigate regulation with foresight and precision. BLC works with fintech firms, banks, and investors at every stage of growth, turning regulatory requirements into practical, business-focused solutions. Anticipating regulatory expectations, localizing compliance frameworks, and engaging constructively with supervisors are no longer optional—they are core elements of sustainable growth. When the law comes knocking, preparation makes all the difference.



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