

What are the legal and payment scheme rules for launching a prepaid card program without KYC?

Recently we have been asked the question: “What are the options for a merchant or cafeteria to launch a **card program** based on **prepaid cards** (such as **lunch cards and gift cards**) that doesn't require a [KYC process](#)?”

There are a lot of misleading pieces of data regarding prepaid cards and gift cards. Those issues are mainly caused by differences between the legal environment and [Mastercard or VISA](#) rules. In this article we would like to go deeper into this topic and explain what is possible and what is not possible.

Key regulatory and scheme requirements for prepaid card programs

Let's start with key rules:

1. **PSD2** (legal environment in Europe) and **AML** law say that payment institutions have to know their customers so full KYC must apply. Sometimes, depending on the country, some limited KYC rules are possible in case a payment institution issues a payment instrument with payment or transaction limits i.e. non-reloadable gift cards. We work in compliance with the Polish law which states that it is possible to issue anonymous cards only in case:

- a. Value of monthly transactions is limited to 150 EUR
- b. Value of such card is limited to 150 EUR
- c. Only POS and eCommerce transactions are allowed

2. **Mastercard and VISA rules** claim that in case of specific non-reloadable prepaid cards it is possible to issue anonymous cards. It requires special approval for the program.

3. In some specific use cases ([expense management](#), lunch cards) it is possible to perform KYB of the company selling prepaid cards only. In such a case money on account must belong to the company and the company can issue such cards with limited KYC to its employees or users.

Implementing reloadable and non-reloadable gift cards

Taking the above rules into account, we can imagine the following scenarios:

Scenario 1 – non-reloadable gift cards with limits up to 150 EUR with limited acceptance

It is possible to [issue cards](#) for such programs after approval of the payment scheme.

Scenario 2 – reloadable gift cards for the company and its business expenses

It is possible to sell **gift cards connected to the business account** of the company (after KYB) assuming payments are connected with expenses or specific use cases of this company.

Please [contact us](#) if you want to issue similar programs with simplified KYC rules. We will advise on the best scenario and try to find ways to **quickly launch a prepaid card program** that meets your business needs.

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