

Card Program – in-house or via BaaS?

When launching a new **card program**, you must decide whether to do it yourself or hire a **BIN sponsor** or processor and outsource the program to an external entity. This article will address this question, arguing that **flexibility and speed-to-market are the most important decision factors**.

Let's start with the definition of a card program and its various parts. Building a new card program requires making decisions in the following areas:

- **Regulatory license** – all areas of licensing, relations with the local regulator, anti-money laundering (AML) topics, etc.
- **Card scheme licenses** – relations with Mastercard and Visa, settlement processes with Mastercard and Visa, AML and security-related topics
- **Technology** – choosing a card management system and/or **card issuing** processing system. Either in a form of software or a service provided by an external partner. If you are building software **in-house**, you need to think about software certification with Mastercard and Visa. If you are **buying software**, you need to think about long-term dependencies on your technical vendors.
- **Security** – ensuring compliance with Payment Card Industry Data Security Standards including regular external audits performed by external auditors
- **Card production and delivery** – choosing a provider of plastic cards and solving logistic related problems of cards being delivered to users
- **Settlements and collaterals** – exchanging money with **Mastercard or Visa** schemes, hiring banks that need to act as settlement agents, ensuring money is processed on time and all collaterals are paid
- **Operations** – ensuring smooth customer service operations including exchange of information with payment schemes, other banks, processing chargebacks & user claims

Building a new card program is almost like building a bank. You need a lot of competences, technology pieces, licenses etc. Obviously, it takes both money and time. It is impossible to run your own card program without 10-20 people being engaged in daily operations, scheme and regulatory compliance, not even talking about technology.

On the other hand, you have the possibility to start a program with a BIN Sponsor or **Banking-as-a-Service (BaaS) partner** who will be responsible for all those actions. In this case, you will have quick time-to-market but you will have to pay variable fees for those actions.

The answer to which is better is not actually that difficult. In our opinion, the best scenario is to choose a partner with whom you can **quickly start** (BIN sponsor) and convert your program to a

direct license once it grows. This means you can **start issuing cards in 3-4 months** without high entry costs. You can start building a portfolio and earning first revenue. Once your portfolio reaches around 500,000 cards, it will be worth investing in your own licenses.

Launching card issuing quickly and cost-effectively is critical. While an in-house solution would cost €2.4 million over two years, leveraging **Card as a Service (CaaS) / BaaS dramatically reduces both time and initial investment to just €0.2 million**, with deployment in 3-4 months. This is the clear choice for agility and financial prudence.

Once you start a project with us, we ensure the flexibility of your development in the long run. **We can act as a BIN sponsor** and once you are willing to have your own licenses we can either help you in getting a **Mastercard or Visa affiliate license** or transfer your cards to your own principal membership. Once the cards are issued under your own license, **we will act as an issuing processor**, and you will only cover technology-related costs. This approach is flexible because it gives you the option to issue cards not only on your own license, but also to use **our BIN sponsorship** for various projects. This approach offers the best entry costs, the quickest time to market, and highly flexible development scenarios.

If you need more information about our work process, please [contact us](#).

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