

# 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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