
START A BANK IN PUERTO RICO IN 10 STEPS – June 2025 Update

In this article, I'll look at the 10 steps necessary to start an international bank in Puerto Rico. Banking licenses in Puerto Rico are by far the hottest offshore banking license for 2025 and are dominating the market. If you're looking to form or acquire an international bank, look first at Puerto Rico.

When I say that the offshore bank license industry in Puerto Rico is hot, I mean that demand is intense, as is competition for deals. There are more banks opening in Puerto Rico than in all of its competitors combined. Where markets like Cayman Island are contracting (some would say crashing), and Belize has not issued a license in years, Puerto Rico has 70 banks and 9 applications pending.

Fyi... I consider direct competitors to Puerto Rico to be countries like Dominica, Belize, Cayman Islands, BVI, Bahamas, Panama, Bermuda, Bahamas, Andorra, Isle of Man, etc. Not larger jurisdictions such as the United States, Mexico, Switzerland, and the UK.

In this article, I'm talking about how to start an international bank in Puerto Rico. An international bank is one that can open accounts for people from anywhere in the world (within reason, of course), including the US, except for persons and companies located in Puerto Rico. The bottom line is that these banks are not permitted to compete with the local banks.

Here are the **10 steps to start a new bank in Puerto Rico**:

1. Apply for a Permit to Organize as an IFE in Puerto Rico under Act 273,
2. Build out your office space in a building approved by regulators,
3. Hire a minimum of 10 employees, including a qualified compliance officer (updated for 2025),
4. Purchase, implement and test your core banking system,
5. Negotiate a correspondent account and apply for your FedWire account,
6. Prepare your compliance manuals and training materials,
7. Finalize your website and marketing collateral,
8. Apply for and receive your Swift code,
9. Go through an audit and receive your Permit to Operate, and
10. Take the business live and begin onboarding clients.

PERMIT TO ORGANIZE

For 2025, the permit to organize an offshore bank in Puerto Rico is the most difficult task to complete. Regulators are slowing down the process to limit growth. The demand for an offshore banking license in Puerto Rico is greater than the government can support.

The application process for a permit to organize an international bank in Puerto Rico includes a very detailed business plan, basic compliance manuals, a third-party background check on each and every person named in the plan, and **audited** financials for all shareholders, and **reviewed** financial statements for all directors and key persons. The requirement for audited financials for shareholders is new for 2025. Download the personal history form for more information.

The most time spent on the project will be on the very detailed business plan and financial model. Many of these plans exceed 120 pages. A new license application requires the plan include a feasibility study, where a purchase does not. You can download an outline from www.banklicense.prp

Also included in the application is due diligence on everyone named in the business plan. This includes all investors, shareholders, officers, directors, and key persons. Anyone connected with starting an International Financial Entity must go through a background check and submit audited personal financial statements.

Once you have your reports and business plan ready, we will file your application with OCIF in Puerto Rico. Your application will go through a few rounds of questions with regulators and, if all goes to plan, you should receive your permit to organize in about 4 months.

For more on these background reports, see [Due Diligence Requirements for an International Bank in Puerto Rico](#).

A permit to organize an offshore bank in Puerto Rico is basically the government telling you that they will allow you to open a bank on the island... one that matches the business model described in your written plan.

Once you have your permit to organize, you can incorporate a company using the word "bank" in the name and open corporate accounts. Then you go about building the business by setting up your core software, hiring employees, etc.

Fees (2025 update):

Application Fee

As of 2024, the non-refundable application fee for a new international banking license has increased significantly from **\$5,000 to \$50,000**. This fee must be submitted at the time of application and reflects Puerto Rico's intention to raise the bar for new entrants.

Regulatory Investigation Fee

In addition to the application fee, regulators may impose a **structure and shareholder due diligence fee**, typically estimated at **\$25,000**. This is used to cover the cost of vetting the applicant's ownership, financial background, and organizational structure.

Annual Licensing Fee

Each IFE must pay an **annual license fee of \$25,000**, plus **\$5,000 for each branch** (if any). This replaces the former \$5,500 fee and ensures ongoing compliance and operational oversight.

Change of Control Fee

For any transfer of **10% or more of voting shares**, a **\$50,000 non-refundable fee** applies, along with an additional **\$25,000 research fee**, totaling **\$75,000**. This makes it costly to bring in small investors or restructure ownership.

OFFICE BUILDOUT

One of the first things you should do after receiving your permit to organize is to find quality office space from which to operate your international bank. This must be a secure space in an office building and not a coworking space. Also, because of the need for high-speed internet, you'll want to go with a Class A building or bring in your own line.

Here is a list of the top buildings in San Juan, Puerto Rico. The first two, AIP and 270, are Paulson buildings and very popular with IFEs... but their occupancy rate is over 95%, so it can be difficult to find space.

Suggested Building 1: <https://aippuertorico.com/>

Suggested Building 2: <https://270puertorico.com/>
Suggested Building 3: www.cityviewplaza.com
Suggested Building 4: www.bancopopular.com (Popular Center)
Suggested Building 5: <http://www.lasbrisasproperty.com/> (The Caribe Building)
Suggested Building 6: <http://www.igipr.com/> (Westernbank World Plaza)
Suggested Building 7: <http://districtviewpr.com/>

When building out an office, keep in mind that 1) you must maintain security at all times on documents and systems. Thus, some customization will be required. 2) You're on an island. It can take time to bring in furniture from the mainland if you can't find something that fits your style in San Juan.

EMPLOYEES

Act 273, the statute that governs offshore banks in Puerto Rico, requires a minimum of 10 employees on the island. I generally recommend clients begin the Chief Compliance Officer and build from there. Prior to 2025, the minimum number of employees was 4.

One of those employees must be a Chief Compliance Officer, and an assistant Compliance Officer. These are the only two positions mandated by law. Then you might have an operations manager, and two transactional people, etc. This assumes that your startup team has a qualified President and CFO that may be located outside of Puerto Rico.

All account openings, compliance work, and transactions must be handled from Puerto Rico. Basically, all banking work should be done from the territory. Employees in your home country might handle marketing, document signing, verifications, etc.

When considering where to hire employees, Puerto Rico or your home country, remember that the purpose of Act 273 is to bring quality and high paying jobs to the island. The more jobs you bring, and the better your compliance department, the more respect you'll get from regulators.

Also, when considering where to hire employees, keep in mind that transfer pricing rules will apply. To oversimplify a complex topic, assume that 50% of your employees are in Puerto Rico and 50% are in the United States. In that case, about half of your offshore bank's income should be sourced to the United States and taxed at ordinary corporate rates by the IRS. The remainder would be taxed in Puerto Rico at 4%.

So, to maximize the tax benefits of Act 273, and increase your standing in the community, hire as many employees on the island as possible.

For more information on the costs of operating an international bank see [Sample Operating Expenses for an Offshore Bank in Puerto Rico](#).

Directors (2025 Update):

As of 2025, the bank must have an odd number of directors, and at least one must be an independent director.

An independent director of a bank is a member of the board of directors who has no financial interest, ownership stake, or other material relationship—direct or indirect—with the bank, its shareholders, or affiliated entities. This individual must not be an employee, consultant, or service provider of the bank and must maintain objectivity in overseeing management and protecting the interests of depositors, regulators, and the public. The purpose of having an independent director is to ensure unbiased governance, enhance regulatory confidence, and promote sound risk management and compliance oversight within the bank.

CORE BANKING SOFTWARE

The largest capital asset when setting up an offshore bank will be your core banking software. This system will take up a great deal of your time going from a permit to organize to a permit to operate. Common buildout times are 6 to 12 months.

The only requirements when purchasing a core banking software for an international bank operating in Puerto Rico are:

1. The software must be US complaint and have US or PR installs, and
2. You must hold your data on servers in Puerto Rico or the United States. You can use US-based cloud systems, such as AWS, with written permission from regulators.

We've had clients try to use foreign software without US installations and it was a complete mess. We've also had clients attempt to import hardware from China... also a disaster. If you're going to connect to the US banking system using an international banking license from Puerto Rico, you need to use US software and systems.

Note that I'm not saying the software must be from a US vendor. I'm saying it must be designed for the US market and must have installs in the United States. If your software is also in Puerto Rico, that's even better. Examples of non US vendors are Mambu (Germany) and Olympic (Switzerland)

You can find suggestions for core systems in my Sample Operating Expense download. Keep in mind that this can become a very complex topic depending on your transactional model.

CORRESPONDENT BANK ACCOUNT

Ask anyone experienced in offshore banking what their biggest concern is, and they will say correspondent accounts, correspondent accounts, and correspondent accounts. The US dollar correspondent account is the lifeblood of any offshore bank... if that account is lost, the bank is out of business.

An international bank in Puerto Rico will have an easier time finding a correspondent partner compared to a foreign jurisdiction such as Cayman, Belize, or Dominica. Note that I said "easier," which is very different from "easy." It's nearly impossible to negotiate a correspondent account for a small foreign bank and all IFEs in Puerto Rico eventually find a partner.

One of the most important benefits of opening an international bank in Puerto Rico compared to a foreign country is the ability to get a correspondent account from the US Federal Reserve. IFEs in Puerto Rico can apply to the Fed for a FedWire account. Once approved, the US Federal Reserve Bank will act as your corresponding bank.

As your offshore bank grows, you'll find positives and negatives with a FedWire account.

The Federal system works best with large dollar transfers. Because of the high fees, it's not great for small dollar transfers. This is especially true because smaller banks use the manual FedWire and not an automated system offered to larger banks.

A correspondent account at a multinational bank may allow you to hold some cash in the US and some in your primary country of operation. This way, you can batch process transfers and reduce your transfer costs.

The bottom line is that larger IFEs will benefit from combining a quality correspondent partner bank with the FedWire account.

MANUALS

As stated above, most important employee in an offshore bank based in Puerto Rico is the Chief Compliance Officer. The most important component of your bank license application is the quality and experience of the people behind the project.

This is because regulators put great emphasis on compliance. A solid team, with banking and compliance experience, is more likely to run a clean bank compared to an entrepreneur without such a team.

To put it another way, regulators don't want you to bring attention or shame on the industry. They want each and every bank licensed in Puerto Rico to follow all rules and regulations... to set the standard in KYC and AML for the industry.

Therefore, the compliance manuals submitted with your permit to organize are of primary importance. They demonstrate that you have thought through KYC, BSA and AML issues in general and those which are specific to your business model.

Once you have your permit to organize in hand, you will hire a Chief Compliance Officer. He or she, along with the President and Banking Manager, will develop a more detailed KYC, BSA, and AML program and a full training program. These documents are submitted to regulators when you apply for your permit to operate.

For more on this topic, see our [KYC, AML and BSA](#) page.

WEBSITE AND MARKETING

Your website and marketing materials must be approved and follow US rules. Your international bank in Puerto Rico will have limited options for marketing in the United States. In most cases, you must have a banking license in any state from which you solicit business.

Because of the rules on advertising, most banks rely on agents, referrals, conferences, positive articles in online and print publications, and other non-traditional methods to find new clients.

Another model is to form a separate company, or an MSB in the United States to act as your marketing agency. See my page on MSB for this topic.

Also because of the advertising rules, most bank websites are very basic. If the bank is going to market online, it will create a website under a different name, publish articles on non-bank websites, and by issuing press releases.

For more on this topic, see [Offshore Bank Advertising Rules](#)

PERMIT TO OPERATE

Once you have your employees, systems, internal processes, and procedures, manuals, and are ready to go live, you will request your permit to operate from regulators. They will review your documents and send someone out to test your systems and security.

Once you pass this audit, you will receive your permit to operate. This is your full banking license which enumerates each and every service you are allowed to provide. This will match your permit to organize and is based on the business plan you filed those many months back.

Note that an offshore bank licensed in Puerto Rico may only provide those services listed in its permit to operate. That is to say, you can only offer services listed in your license. A permit to operate is not a general license allowing you to offer any and all banking services. A permit to operate is a specific license authorizing specific services.

If you wish to offer additional services, those not listed in your license, you need to go back to regulators and get written permission. This is usually done after one or two years of clean operation. You have proven yourself over the first year and are thus allowed to offer additional services and to grow the bank.

For more information on what services you can offer, see [Allowed Services and Business Lines for an Offshore Bank in Puerto Rico](#). Note that the ability to provide custody of digital assets was codified into the law in 2025.

SWIFT / BIC / ABA

Once you have your permit to operate, you can request a Swift code for your IFE. Your Swift or BIC is the unique code that identifies your bank when sending wires and other transfers between banks.

As a bank licensed in Puerto Rico, you will apply for Swift membership as a licensed financial institution. You can download the guide and application package from this page on the Swift website: [Join Swift](#)

For more on Swift / BIC see [Swift Code Defined for an International Bank](#)

You will also need to apply for an ABA number. Many US core systems use this number as your unique identifier in their system. Thus, an ABA number is often mandatory.

To apply for an ABA (American Bankers Association) routing number, a financial institution must submit a request to the Routing Number Registrar, which is managed by Accuity, a division of LexisNexis Risk Solutions. The application process typically requires that the bank be authorized by a U.S. regulator, such as a state banking authority, the Office of the Comptroller of the Currency (OCC), or, in the case of Puerto Rico, the Office of the Commissioner of Financial Institutions (OCIF).

OPEN YOUR DOORS

As stated above, your permit to organize is the government giving you permission to set up a bank in the territory. Your permit to operate is the government agreeing that you are ready to join the banking community and begin onboarding customers.

Now the hard work starts. The most challenging part will be working through the compliance procedures for foreign persons and preparing applications that will pass your Chief Compliance Officer. This person will be your key employee during the licensing process and the one responsible for approving each account and each sizable transfer.

What is going to make this process go smoothly is having completed all the policies and procedures before applying for your permit to operate. If you have a well-thought-out compliance manual in place, which are specific to your clients and jurisdiction(s) served, and not boilerplate, they will be your guides when you open your doors.

Conversely, if you just turned in hundreds of pages of standardized KYC, AML and BSA documents, you are going to have a difficult time when you begin onboarding clients. Each and every case will be different and you will spend days or weeks arguing about how and when to approve accounts.

As an operating bank, I also suggest you join the [banking association](#) (website only available in Spanish). You should also attend a number of banking conferences and events each year.

See also, [Private Education Association](#) and the [Office of the Commissioner of Financial Institutions of Puerto Rico](#). These events provide multiple benefits. First, they help your employees meet their continuing education credit requirements. Second, they give you an opportunity to talk through industry issues with other IFEs. Third, they allow you to hear directly from regulators on what they will be looking for in future audits.

Most of our clients are based outside of Puerto Rico. I suggest that the key persons from your foreign office fly in for a few conferences each year. For example, if your bank's President and CFOs are based abroad, they should show up and press the flesh as it were.

Conclusion

Launching an international bank in Puerto Rico is a complex, high-stakes endeavor that requires meticulous planning, substantial capital, and regulatory expertise. However, for well-prepared operators, Puerto Rico offers a unique opportunity to access the U.S. banking system, enjoy

favorable tax treatment, and serve a global client base. By following the structured 10-step process outlined in the article—emphasizing compliance, governance, and infrastructure—entrepreneurs can successfully enter one of the most dynamic international banking markets in the world.

In 2025, significant regulatory changes have reshaped the international banking landscape in Puerto Rico, raising the bar for new applicants and reinforcing the government's commitment to quality over quantity. One of the most notable updates is the increase in the minimum number of employees from 4 to 10 full-time staff based in Puerto Rico, with a mandatory Chief Compliance Officer and at least one additional compliance team member. This reflects a broader emphasis on on-island operations, particularly in compliance and transaction processing, which must now be conducted entirely within the territory. Additionally, all banks must now have at least one independent director on their board, with no financial ties to the institution, enhancing governance standards and aligning Puerto Rico more closely with global best practices.

Another major shift for 2025 is in the licensing process and fee structure. The application fee for a new international bank license has risen from \$5,000 to \$50,000, with a new \$25,000 due diligence fee added to cover regulatory investigation costs. There is also a \$75,000 change-of-control fee for any transfer of 10% or more of voting shares, making ownership changes more costly.

Furthermore, regulators now require audited personal financial statements from all shareholders, a new and more rigorous standard for assessing applicant credibility. These changes collectively raise the barrier to entry, ensuring only well-capitalized, serious operators pursue licenses in Puerto Rico's increasingly prestigious international banking sector.

I hope this information has been helpful. Feel free to contact me directly at info@banklicense.pro for more information.