



Monetary Authority
of Singapore



PAYMENT SERVICES ACT

A GUIDE TO THE ESSENTIAL ASPECTS
OF THE PAYMENT SERVICES ACT 2019



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1. Preface

Payment services is a fast growing industry, and new payment solutions are making digital payments faster, cheaper and more convenient for consumers. These developments have also given rise to new risks, making it necessary for the MAS to review and modernise our payments regulatory framework. The PS Act came into force on 28 January 2020, and combines requirements that were previously in the PS(O)A and the MCRBA into a single piece of legislation. The PS Act widens MAS' regulatory scope to address new risks posed by existing payment services and to include new payment services. With a modular and risk-based regulatory approach, the PS Act is a flexible regulatory framework that reduces the impact of a failure of a payment service provider while promoting a progressive payments sector in Singapore.

2. Overview of the Payment Services Act 2019

2.1 Structure of the Payment Services Act 2019

There are two regulatory frameworks under the PS Act:

- a) **a designation regime** to designate payment systems for financial stability or to ensure efficiency or competition in the financial system; and
- b) **a licensing regime** that is modular and risk-based, and right-sizes the regulation of payment services to mitigate risks according to the scope and scale of payment service providers.

2.2 Designation framework for payment systems

The designation regime enables MAS to designate payment systems and regulate operators, settlement institutions and participants of these DPS for financial stability, efficiency or competition reasons.

A payment system may be designated if it is considered a SIPS or a SWIPS, or where it is otherwise in the public interest to do so:

- a) SIPS are systems where a disruption in the operations could trigger, cause or transmit further disruption to participants or cause systemic disruption to the financial system of Singapore; and
- b) SWIPS are systems where a disruption in the operations could affect public confidence in payment systems or the financial system of Singapore. Although a disruption or failure in SWIPS may have system-wide implications and may affect many users, there is negligible risk of systemic impact to financial stability.

The PS Act provides another basis for designation, which is to ensure better efficiency and competition in the financial system. This framework therefore allows MAS to also designate a payment system if it is widely used in Singapore, or if its operations may have an impact on the operations of one or more other payment systems in Singapore, and the designation is necessary to ensure efficiency or competitiveness in any of the services provided by the operator of the payment system.

2.3 Activity-based, risk-focused licensing framework

2.3.1 Seven key payment services

The licensing framework regulates seven key payment services:

- a) account issuance service;
- b) domestic money transfer service;
- c) cross-border money transfer service;
- d) merchant acquisition service;
- e) e-money issuance service;
- f) DPT services; and
- g) money-changing service.

To explain the scope of payment services regulated under the PS Act, **Table 1** sets out a brief description of each regulated payment service.

Table 1: Description of Regulated Payment Services

Payment Service	Description
Account issuance service	Issuing or providing services relating to the operation of a payment account in Singapore. Payment accounts include an e-wallet or a credit card.
Domestic money transfer service	Providing local money transfer services in Singapore.
Cross-border money transfer service	Providing inbound and/or outbound remittance services in Singapore.
Merchant acquisition service	Providing merchant acquisition services in Singapore. This is where the service provider contracts with a merchant to accept and process payment transactions, which results in a transfer of money to the merchant.
E-money issuance service	Issuing e-money in Singapore to allow a person to pay merchants or transfer e-money to another person.

DPT service	Buying or selling DPT, or providing a platform to allow persons to exchange DPT in Singapore.
Money-changing service	Buying or selling foreign currency notes in Singapore.

2.3.2 Stablecoins

E-money based payment services and DPT services are regulated under the PS Act. However, recent innovations have led to the emergence of new payment instruments that could potentially challenge the prevailing concept of money. Stablecoins have emerged as a new class of cryptocurrencies intended to be relatively stable in value to address concerns over excessive price volatility of the first generation of cryptocurrencies.

MAS published a consultation paper¹ to discuss the scope of e-money based payment services and DPT services under the PS Act. MAS will continue to participate in international work on the regulation of stablecoins, and monitor trends and developments in payment services, including stablecoins.

2.3.3 Proposed amendments to the PS Act

MAS published a consultation paper² on 23 December 2019 to propose the expansion of the scope of DPT services, to include the following:

- a) Transfer of DPTs;
- b) Provision of custodian wallets for or on behalf of customers; and
- c) Brokering of DPT transactions (without possession of money or DPTs by the DPT service provider)

MAS has highlighted in the consultation paper on 6 June 2019³ that DPT transactions are considered to carry higher inherent ML/TF risks due to the anonymity, speed and cross-border nature of the transactions. This is consistent with the position taken by the FATF⁴, and in particular, the enhanced FATF Standards in June 2019 requiring jurisdictions to regulate

¹ [Consultation on the Payment Services Act 2019: Scope of E-money and Digital Payment Tokens](#)

² [Consultation on the Payment Services Act 2019: Proposed Amendments to the Act](#)

³ [Consultation Paper on the Proposed Payment Services Notices on Prevention of Money Laundering and Countering the Financing of Terrorism](#)

⁴ The FATF sets the international standards for AML/CFT. It promotes the global adoption of the FATF standards, and ensures member countries' and the global network's compliance with those standards through peer evaluations and follow-up assessments.

what it has termed as virtual asset service providers for AML/CFT. As such, MAS will amend the PS Act to align Singapore's regime with the enhanced FATF standards.

In addition, MAS intends to expand the regulatory scope of cross-border money transfer service to capture entities that provide the service of brokering of cross-border money transfers between entities in two different jurisdictions, although money is not necessarily accepted or received in Singapore. This is to address the ML/TF risks associated with such business models.

2.3.4 Three licence classes

All payment service providers will need to hold one of the following types of licence to provide payment services in Singapore, unless they are exempted from this requirement:

- a) Money-changing licence;
- b) SPI licence; or
- c) MPI licence.

The regulatory requirements for each class of licence differ according to the risks posed by the scale and scope of payment services provided by the licensee.

Descriptions of the three classes of licences are as follows:

i. Money-changing licence

Licensees can provide only money-changing services. The regulation is quite narrow in scope as these services are often provided by small businesses such as sole proprietors offering over-the-counter services with limited risks.

ii. SPI licence

Licensees may provide any combination of the seven regulated payment services, if they process payment transactions or hold e-money float below specified thresholds. SPIs are subject to lighter regulations to encourage innovation and enterprise in smaller businesses.

iii. MPI licence

MPIs may provide payments services above the specified thresholds. As the scale of their operations would pose more risk, they are subject to more comprehensive and robust regulation.

References to legislation

Overview of the PS Act

2.1 Structure of the PS Act

- Payment Services Act 2019, section 5
- Payment Services Act 2019, section 42

2.2 Designation framework for payment systems

- Payment Services Act 2019, section 42

2.3 Activity-based, risk-focused licensing framework

- Payment Services Act 2019, section 6

3. Licensing Requirements for Payment Service Providers

To meet the objectives of the PS Act, MAS will have general powers over all licensees and exempt payment service providers (“regulated entities”), including powers to conduct inspections and investigations, and emergency powers.

3.1 Requirements for licence applicants

3.1.1 Registered business

Every applicant, other than an applicant for a money-changing licence, must be a company incorporated in Singapore or a corporation formed or incorporated outside Singapore.

3.1.2 Operations in Singapore

An applicant must have a permanent place of business or registered office in Singapore. An applicant should note that licensees will be required to ensure that customers can seek redress and MAS can access the licensee's books at the permanent place of business or registered office in Singapore.

3.1.3 Executive directors

The PS Act requires that any applicant applying for a SPI licence or MPI licence must have at least one executive director who is a Singapore citizen or PR. Alternatively, an applicant may have an executive director who is an employment pass holder if the applicant has at all times, at least one director who is a Singapore citizen or PR.

3.2 Right sizing permissible activities

3.2.1 Prohibition of credit and deposit facilities

Two sets of measures are in place to differentiate payment services licensees from deposit-taking institutions such as banks. First, the PS Act prohibits all licensees from carrying on a business of granting any credit facility to any individual in Singapore, and all regulated entities that provide e-money issuance services from lending any customer money or using any

customer money or interest earned on any customer money, to finance their business activities, wholly or to any material extent. MAS has right-sized regulations under the PS Act to the key risks that payment services pose. If licensees want to engage in banking or other regulated activities such as consumer lending, licensees should apply for the relevant licence.

Second, all regulated entities providing account issuance services are prohibited from offering cash withdrawals in Singapore dollars from payment accounts storing e-money that are held by Singapore residents. The PS Act aims to promote greater adoption of electronic payments rather than the use of cash, and preserves the privilege of FTA partners, whose banks can offer cash withdrawal services.

3.2.2 Stock Cap and Flow Cap for MPIs

A stock cap and flow cap on personal payment accounts issued by MPIs have been imposed to protect customers by limiting a customer's potential loss from the customer's account. These caps also ensure continued stability of the financial system by reducing the risk of significant outflows from banks deposits to e-money, which can undermine the stability of banks. Personal payment accounts issued by a MPI are subject to a load capacity of \$5,000 and an annual transaction flow cap of \$30,000.

3.2.3 Prohibition against solicitation

To ensure that payment services offered to the public in Singapore are properly regulated under the PS Act and that accurate information about such payment services is provided, the PS Act prohibits any person from soliciting for the provision of payment services, unless that person is a licensee, an exempt payment service provider (such as a bank) or a person exempted from licensing. In addition, the PS Act also prohibits any person in Singapore (including licensees or exempt payment service providers) from soliciting for the provision of payment services on behalf of persons overseas that are not licensees or exempt payment service providers.

Third parties may solicit for the provision of payment services by licensees, exempt payment services providers, and persons exempt from licensing. However, licensees and exempt payment service providers are required to ensure that third parties make certain disclosures in every offer, invitation or advertisement the third parties make on their behalf under PSN08.

Regulated entities are not allowed to solicit for payment services to be provided by related companies overseas, such as the regulated entity's head office, where the related companies overseas are not licensees or exempt payment service providers.

3.3 Financial requirements

Licensees are required to meet initial and ongoing financial requirements to ensure that they are at all times sufficiently resourced to conduct the payment services they are authorised to conduct under their licence.

3.3.1 Money-changing licensee

Money-changing licensees are not required to meet minimum financial requirements such as minimum paid up capital, in recognition of the nature and scale of money-changing businesses which are typically over-the-counter services operated by small businesses including sole proprietors.

3.3.2 SPIs

SPIs are restricted to accepting, processing or executing payment transactions where the total value is \$3 million or less in a month for one payment service, and \$6 million or less in a month for any two or more payment services. They are also restricted to holding an average daily e-money float of \$5 million or less. The minimum initial and ongoing financial requirements for SPIs is a base capital of not less than \$100,000 (where the SPI is incorporated in Singapore), or net head office funds of not less than \$100,000 (where the SPI is a foreign company).

3.3.3 MPIs

There are no restrictions in payment transaction flows or thresholds for MPIs. The minimum initial and ongoing financial requirements for MPIs is the base capital of not less than \$250,000 (where the MPI is incorporated in Singapore), or net head office funds of not less than \$250,000 (where the MPI is a foreign company). MPIs are also required to maintain a security deposit as a small buffer for the protection of customer money. MPIs who accept, process or execute payment transactions where the total value is \$6 million or less in a month in respect of each payment service are required to place a security deposit of \$100,000. Licensees that conduct higher volume transactions (above \$6 million) in respect of any payment service are required to place a security deposit of \$200,000.

3.4 Business conduct requirements

Regulated entities are required to disclose essential information⁵ to customers to help consumers make informed decisions. PSN07 sets out key conduct requirements for payment service providers, DPS operators and settlement institutions.

Some key requirements in PSN07 include:

3.4.1 Issuance of receipt

MAS requires licensees providing domestic money transfer services, cross-border money transfer services, e-money issuance services, DPT services, or money-changing services, to issue a receipt for every transaction with a customer that is an individual or sole-proprietor, or when the customer requests a receipt. The receipt may be issued in paper or electronic form, and may be issued as a single receipt for each transaction accepted, processed or executed, or a consolidated receipt for all transactions accepted, processed or executed over a period of not more than 90 days.

3.4.2 Specification of days and hours that a place of business must be manned

MAS requires that every licensee must have at least one person present at the permanent place of business or registered office for at least 10 days a month, and for at least eight hours for each of those days. This is to ensure that the public has ample opportunity to reach the licensee. Any notification of changes to its normal business days and hours should be publicised to all its customers and potential customers.

3.4.3 Determining the exchange rate that MPI must apply for the purposes of safeguarding and display of exchange rates

⁵ MAS has published a series of MoneySense articles for consumers

1. [Risk of Cryptocurrencies, Initial Coin Offerings and Other Digital Tokens :](https://www.moneysense.gov.sg/articles/2018/10/risks-of-cryptocurrencies-initial-coin-offerings-and-other-digital-tokens)
<https://www.moneysense.gov.sg/articles/2018/10/risks-of-cryptocurrencies-initial-coin-offerings-and-other-digital-tokens>
2. [Understanding E-wallets:](https://www.moneysense.gov.sg/articles/2018/10/understanding-stored-value-facilities)
<https://www.moneysense.gov.sg/articles/2018/10/understanding-stored-value-facilities>
3. [Understanding Money Transfers :](https://www.moneysense.gov.sg/articles/2018/10/understanding-remittance)
<https://www.moneysense.gov.sg/articles/2018/10/understanding-remittance>
4. [Understanding Money-changing :](https://www.moneysense.gov.sg/articles/2018/10/understanding-money-changing)
<https://www.moneysense.gov.sg/articles/2018/10/understanding-money-changing>

MPIs are required to safeguard customer money received in respect of certain payment services. As a MPI may safeguard customer money in a currency different from that received from its customer, it is necessary that MPIs use a standardised exchange rate to compute the amount of money to be safeguarded. Hence, MAS requires a MPI to adopt exchange rates published by its safeguarding institution to safeguard customer money. A MPI which provides domestic money transfer services, cross-border money transfer services or merchant acquisition services must apply the exchange rate it offers to its customer for that service, where it is applicable.

The display of exchange rate requirements will only apply when the regulated entity offers an exchange rate at the point of transaction. Where a currency conversion is performed and the regulated entity that provides an applicable payment service⁶ does not offer an exchange rate at the point of transaction, and instead the exchange rate is determined by a third party, the regulated entity will be required to disclose in writing to the customer that the exchange rate is not available at the point of transaction and will be determined by a third party at a later date. Where a DPT service provider does not offer an exchange rate, the DPT service provider must disclose in writing to the customer that the exchange rate will be determined by a third party.

References to legislation

Licensing Requirements for Payment Service Providers

3.1 Requirements for Licence Applicants

- Payment Services Act 2019, section 6
- Payment Services Regulations 2019, regulation 7

3.2 Right Sizing Permissible Activities

- Payment Services Act 2019, sections 19 and 20
- Payment Services Act 2019, sections 9 and 24
- Payment Services Regulations 2019, regulations 11 and 18

⁶ Applicable payment service here refers to a domestic money transfer service, cross-border money transfer service or e-money issuance service.

- PSN08 Notice on Disclosures and Communications

3.3 Financial Requirements

- Payment Services Regulations 2019, regulations 8, 12 and 13

3.4 Business Conduct Requirements

- PSN07 Notice on Conduct

4. Requirements for Designated Payment System Entities

4.1 The requirements imposed on operators, settlement institutions and participants of payment systems designated under the PS Act are primarily ported over from requirements in the repealed PS(O)A and regulations that applied to DPS operators, settlement institutions and participants. At this point, there is no significant change in requirements in the regulations under the PS Act that are imposed on operators, settlement institutions and participants of such payment systems.

4.2 Some case examples of existing DPS:

- a) MEPS+, an interbank payment system that settles large-value, time-critical transactions between banks, is one example of a DPS. A disruption to MEPS+ operations will likely trigger, cause or transmit further disruption to its participants or systemic disruptions to the financial system in Singapore. MEPS+ is therefore designated as a SIPS for financial stability reasons.
- b) Apart from MEPS+, payment systems that may pose system-wide impact during a disruption, such as FAST, Singapore Dollar Cheque Clearing System, US Dollar Cheque Clearing System, Inter-bank GIRO System and NETS Electronic Fund Transfers at Point of Sale are also designated as SWIPS to avoid potential loss of public confidence in payment systems or the financial system of Singapore.

References to legislation

Requirements for DPS Entities

4.1 Designation framework for payment systems

- Payment Services Act 2019, Part 3 (“Payment Systems”), sections 41 to 71

5. Mitigating Key Risks in Payment Services

5.1 Overview of key measures

5.1.1 The PS Act serves to address four key risks and concerns:

- a) ML/TF risks;
- b) user protection;
- c) interoperability (fragmentation of payment solutions); and
- d) technology and cyber security risks.

5.1.2 MAS has identified the risks applicable to each type of payment service and sets out the overview of corresponding risk mitigating measures in **Table 2**.

Table 2: Risk Identification and Risk Mitigation Measures

Activity	ML/TF Risks	User Protection	Interoperability	Technology and Cyber Security Risks
Account issuance service	AML/CFT requirements for specific providers	Protection of Access to funds	Access Regime, Common Platform, Common standards	Technology Management Guidelines
Domestic money transfer service	AML/CFT requirements for specific providers	Safeguarding of Funds in Transit	-	Cyber Hygiene requirements
Cross-border money transfer service	AML/CFT requirements for specific providers	Safeguarding of Funds in Transit	-	

Merchant acquisition service	-	Safeguarding of Funds in Transit	Access Regime, Common Platform, Common standards	
E-money issuance service	-	Safeguarding of Float	-	
DPT service	AML/CFT requirements for all providers	-	-	
Money-changing service	AML/CFT requirements for all providers	-	-	

5.2 AML/CFT measures

5.2.1 Background

Payment services can present ML/TF risks, through illicit cross border transfers, anonymous cash-based payment transactions, structuring of payments to avoid reporting thresholds or the raising or layering of assets or funds. In particular, DPTs, also known as cryptocurrencies, carry higher inherent ML/TF risks due to the anonymity, speed and cross-border nature of their transactions.

5.2.2 Key Measures

AML/CFT measures will apply to all three classes of licensees where the licensee provides account issuance, domestic money transfer, cross-border money transfer, DPT and/or money-changing services.

MAS has issued two PS Notices – (1) PSN01 and (2) PSN02. PSN01 will apply to licensees which carry on a business of providing account issuance, domestic money transfer services, cross-border money transfer services, and/or money-changing services. PSN02 will apply to licensees which carry on a business of providing DPT services. However, a licensee does not

need to comply with MAS' AML/CFT requirements if it only provides payment services that meet the low risk criteria for ML/TF. The MAS-defined low-risk criteria are set out in paragraph 3.2 of the PSN01.⁷

The key AML/CFT requirements for all licensees include (but are not limited to) the following:

- a) Taking appropriate steps to identify, assess and understand the licensee's ML/TF risks;
- b) Developing and implementing policies, procedures and controls – including those in relation to the conduct of CDD, transaction monitoring, screening, suspicious transaction reporting and record keeping, in accordance with PSN01 and/or PSN02 – to enable the licensee to effectively manage and mitigate their ML/TF risks;
- c) Monitoring the implementation of those policies, procedures and controls, and enhancing them as necessary; and
- d) Performing enhanced measures where there is higher ML/TF risks to effectively manage and mitigate those higher risks.

Licensees should refer to PSN01 and/or PSN02, and the accompanying Guidelines to the respective notices, for the full set of AML/CFT requirements and MAS' supervisory expectations that will be applicable to their businesses. From time to time, MAS may also provide additional AML/CFT guidance which licensees should also consider.

5.3 User protection measures

5.3.1 Background

When payment service providers become insolvent, customer money entrusted to them may be lost. The PS Act therefore requires MPIs to safeguard customer money. SPIs are not required to safeguard customer money as the volume of regulated payment transactions they perform pose lower risks to loss of customer funds. SPIs are smaller payment firms that process a lower volume of payment transactions or hold less e-money float as compared to MPIs.

5.3.2 Key Measures

⁷ Licensees should also refer to the [Consultation Paper on the Proposed Payment Services Notices on Prevention of Money Laundering and Countering the Financing of Terrorism](#) that was issued on 6 June 2019 and [MAS' Response to the Feedback Received on the Consultation Paper](#), for full details on the criteria for MAS-defined low risk activities and AML/CFT requirements for payment service providers.

i. Safeguarding of funds in transit and e-money float

MPIs and exempt payment service providers are required to safeguard customer money from their insolvency in respect of domestic money transfer service, cross-border money transfer service, merchant acquisition service and e-money issuance service (for specified e-money⁸). These entities are required to safeguard customer money for these services using any of the following means:

- a) an undertaking from a bank in Singapore, a merchant bank or a finance company;
- b) a guarantee from a bank in Singapore, a merchant bank, a finance company, or a financial guarantee insurer;
- c) a deposit in a trust account held with a bank, merchant bank or finance company;
or
- d) safeguarding in such other manner as may be prescribed by MAS.

MPIs do not need to comply with safeguarding requirements for customer money received for DPT services and money-changing services. MPIs also do not need to safeguard customer money owing to foreign merchants if they comply with disclosure requirements specified in the relevant regulations. SPIs are not required to comply with safeguarding requirements but must disclose certain information to their customers so that customers can make informed decisions on which payment service provider best suits their needs.

ii. Guidelines on e-payments user protection

MAS has developed a set of E-Payments User Protection Guidelines that set out the best practice standards for FIs that issue protected accounts⁹. For example, responsible FIs such as banks, MPIs, finance companies and non-bank credit card issuers, are expected to provide timely transaction notifications to users, as well as investigate, assess and provide compensation for, where applicable, claims of unauthorised transactions in a timely manner. Where an account holder of a protected account suffers a loss from an unauthorised transaction resulting from any action or omission by the responsible FI, the responsible FI is expected to bear the entire loss. On the other hand, where an account holder of a protected account suffers a loss from an unauthorised transaction resulting from any action or omission of an independent third party, the account holder is not liable for any loss where the transaction amount does not exceed \$1,000. For transactions exceeding \$1,000, the responsible FI should investigate further and may offer to reduce the account holder's liability on a case-by-case basis.

⁸ "Specified e-money" is a defined term in the PS Act; please refer to the PS Act

⁹ "Protected account" is a defined term in the E-Payments User Protection Guidelines; please refer to the E-Payments User Protection Guidelines

5.4 Interoperability powers

5.4.1 Background

To encourage innovation and growth as a Smart Nation, MAS has deliberately allowed many e-payment solutions to come on stream in Singapore. This provides choice for consumers but can also be confusing. The proliferation of multiple options also creates fragmentation and a lack of interoperability across payment solutions. To counter this risk, MAS has been working with the industry to build interoperable payment solutions. For example, PayNow allows real-time payments between participants via their respective payment applications, including by internet banking and mobile banking channels¹⁰. The development of a standardised and unified SGQR code combines the payload details of different electronic payment schemes that a merchant or business accepts, making QR payments simple for both consumers and businesses.

5.4.2 Key Measures

The PS Act grants MAS formal powers to enforce interoperability of payment solutions in the interests of consumers and market development. Under the PS Act, MAS has powers to mandate the following outcomes:

- a) A DPS operator or MPI must allow third parties to access any payment system it operates.
- b) A MPI must participate in a specified common platform or enter into an equivalent arrangement to achieve interoperability of payment accounts issued by that MPI and other payment service providers.
- c) A MPI must adopt a common standard to make widely-used payment acceptance methods interoperable.

MAS will continue to engage payment players to improve interoperability before using the interoperability powers under the PS Act.

5.5 Technology and cyber hygiene measures

5.5.1 Background

Technology innovation and advancements have enabled new forms of electronic payments that facilitate a more convenient and seamless user experience. However, the use of

¹⁰ At the time of publication of this paper, the PayNow participants comprise nine banks.

technology could also expose the firms to cybersecurity risks such as data breaches, fraud and operational disruption.

To strengthen cyber resilience, MAS has established requirements and guidelines to help FIs manage cyber risks. The PS Act gives MAS powers to monitor and impose these requirements on payment service providers.

5.5.2 Key Measures

i. *Technology Risk Management Notice*

Technology risk management requirements on reliability, resiliency and protection of customer information were previously imposed on operators and settlement institutions of DPS under PSOA-N05, and on remittance licensees under MCRBA Notice 3203. MAS has retained these requirements for operators and settlement institutions of DPS only in PSN05.

ii. *Cyber Hygiene Notice*

All operators of DPS and licensees must implement the cyber hygiene requirements in PSN06 by 6 August 2020. The requirements are basic cyber security measures to establish baseline defences and controls against cyber threats.

iii. *Guidelines on Technology Risk Management*

MAS Guidelines on Technology Risk Management set out IT risk management principles and best practices to guide FIs in establishing a robust technology risk management framework, strengthening cyber security controls, enhancing system resiliency, and implementing strong authentication measures to protect customer data, transactions and systems.

The guidelines apply to operators and settlement institutions of DPS, as well as licensees.

References to legislation

Mitigating Key Risks in Payment Services

5.1 Overview of Key Measures

- Payment Services Act 2019

5.2 AML/CFT Measures

- PSN01 Notice on Prevention of Money Laundering and Countering the Financing of Terrorism - Holders of Payment Services Licence (Specified Payment Services)
- Guidelines to Notice PSN01 on Prevention of Money Laundering and Countering the Financing of Terrorism – Specified Payment Services
- PSN01A Notice on Prevention of Money Laundering and Countering the Financing of Terrorism - Persons Providing Account Issuance Services Who Are Exempted Under the Payment Services (Exemption for Specified Period) Regulations 2019
- PSN02 Notice on Prevention of Money Laundering and Countering the Financing of Terrorism - Holders of Payment Service Licence (Digital Payment Token Service)
- Guidelines to Notice PSN02 on Prevention of Money Laundering and Countering the Financing of Terrorism – Digital Payment Token Service

5.3 User Protection Measures

- Payment Services Act 2019, section 23
- Payment Services Regulations 2019, regulations 14, 15, 16 and 17
- E-Payments User Protection Guidelines
- PSN08 Notice on Disclosures and Communications

5.4 Interoperability Powers

- Payment Services Act 2019, sections 25, 26 and 51

5.5 Technology and Cyber Hygiene Measures

- PSN05 Notice on Technology Risk Management
- PSN06 Notice on Cyber Hygiene

- MAS Technology Risk Management Guidelines

6. Exemptions

6.1 Certain classes of persons who carry on a business below certain thresholds and carry on businesses with low ML/TF risk are exempted from holding a SPI licence. These class exemptions are set out in regulation 28 of the Payment Services Regulations 2019. Additionally, domestic money transfer service providers that only facilitate the domestic leg of cross-border money transfers on behalf of a customer of

- a) a licensed cross-border money transfer service provider;
- b) a person who is exempted from holding a licence to perform cross-border money transfer service under regulation 28(1); or
- c) an exempt payment service provider,

do not need to hold a licence to provide cross-border money transfer services.

6.2 There are also other exemptions in the Payment Services Regulations 2019, Part 4, on matters pertaining to certain requirements unrelated to holding a licence. Some of the key exemptions can be found in **Illustration 1**. Please note that these examples are for illustration only and are not exhaustive.

Illustration 1: Exemptions

PS Regulations, Part 4 ("Exemptions")	Which exemption?	Purpose
Exemption in respect of providing money-changing services that is incidental to hotel business	Exemption from PS Act s.28 ("Control of shareholding in licensee) and s.34 ("Approval of chief executive officer, director or partner of licensee")	A person who intends to become a 20% controller of a hotel operator does not need to seek approval to do so. Hotel operators which are money changers do not need to seek approval of chief executive officers, directors, or partners in certain circumstances
Exemption from section 9 of Act	Exemption from PS Act s.9 ("Prohibition against solicitation")	Relaxation of prohibition against solicitation
Exemption from section 20(1) of Act	Exemption from PS Act s.20 ("Prohibition from carrying on certain businesses")	Allow extension of credit by casinos in some circumstances
Exemption from section 23 of Act	Exemption from PS Act s.23 ("Safeguarding of money received from customer")	No need for merchant acquirers to safeguard funds owed to foreign merchants
Exemption from requirements in section 24 of Act	Exemption from PS Act s.24 ("Restrictions on personal payment account that contains e-money")	Allow stock cap to be exceeded in certain circumstances

References to legislation*Exemptions*

- 6.1** Payment Services Regulations 2019, regulations 28 and 29.
- 6.2** Payment Services Regulations 2019, regulations 27, 30 to 33.

7. Conclusion

The PS Act is a significant step forward in Singapore's Smart Nation journey as it facilitates innovation and growth of e-payments in Singapore. With a more comprehensive and robust payment regulatory framework, MAS will be able to respond more quickly to developments in the payments landscape while ensuring a safe and stable payments eco-system.

Disclaimer: This paper provides guidance on the licensing and regulation of payment service providers, the oversight of payment systems, and connected matters. The paper does not constitute legal advice. In particular, the "References to legislation" in this paper are not exhaustive. MAS expects industry participants to retain their independent legal counsel to advise them on how their business operations should be conducted in order to satisfy legal and regulatory requirements, and to advise them on all applicable laws, rules and regulations of Singapore.

GLOSSARY

ABBREVIATION	FULL TERM
AML/CFT	Anti-Money Laundering and Counter-Financing of Terrorism
CDD	Customer Due Diligence
DPS	Designated Payment System
DPT	Digital Payment Token
FAST	Fast and Secure Transfers
FATF	Financial Action Task Force
FI	Financial Institution
FTA	Free Trade Agreement
GIRO	General Interbank Recurring Order
MAS	Monetary Authority of Singapore
MCRBA	Money-Changing and Remittance Businesses Act
MEPS+	(New) MAS Electronic Payment and Book Entry System
ML/TF	Money-Laundering and Terrorism-Financing
MPI	Major Payment Institution
NETS	Network for Electronic Transfers
PR	Permanent Resident
PS Act	Payment Services Act 2019

PS Notice	Payment Services Notice
PS(O)A	Payment Systems (Oversight) Act
SGQR	Singapore Quick Response Code
SIPS	Systematically Important Payment System
SPI	Standard Payment Institution
SWIPS	System-Wide Important Payment System

APPENDIX B

Regulations, Notices and Guidelines

The following regulations, notices and amendments to guidelines came into force on **28 January 2020**, with the exception of, PSN06 (*which will come into force on 6 August 2020*) and further amendments to E-Payments User Protection Guidelines (*which will come into force on 5 September 2020*).

Category	Title	Description
Regulation	Payment Services Regulations 2019	Regulations issued under the PS Act that apply to entities regulated under the PS Act.
Regulation	Payment Services (Composition of Offences) Regulations 2019	Regulations issued under the PS Act that set out the offences which are compoundable under the PS Act.
Regulation	Payment Services (Exemption for Specified Period) Regulations 2019	Regulations issued under the PS Act that set out exemptions that are applicable during certain specified periods.
Regulation	Payment Services (Saving and Transitional Provisions) Regulations 2019	Regulations issued under the PS Act that provide for saving and transitional arrangements for entities regulated under the PS Act.
Regulation	Payment Services (Singapore Dollar Cheque Clearing System and Inter-Bank GIRO System) Regulations 2019	Regulations issued under the PS Act that set out requirements in respect of the Singapore Dollar Cheque Clearing System and Inter-bank GIRO System.
Notice	PSN01 Notice on Prevention of Money Laundering and Countering the Financing of Terrorism - Holders	AML/CFT requirements for payment service providers (other than a DPT service provider)

	<u>of Payment Services Licence (Specified Payment Services)</u>	
Notice	<u>PSN01A Notice on Prevention of Money Laundering and Countering the Financing of Terrorism - Persons Providing Account Issuance Services Who Are Exempted Under the Payment Services (Exemption for Specified Period) Regulations 2019</u>	AML/CFT requirements to facilitate the transition of stored value facility holders previously regulated under the PS(O)A
Notice	<u>PSN02 Notice on Prevention of Money Laundering and Countering the Financing of Terrorism - Holders of Payment Service Licence (Digital Payment Token Service)</u>	AML/CFT requirements for DPT service providers
Notice	<u>PSN03 Notice on Reporting of Suspicious Activities and Incidents of fraud</u>	PS Notice issued under the PS Act on regulated entities' obligation to report suspicious activities and incidents of fraud.
Notice	<u>PSN04 Notice on Submission of Regulatory Returns</u>	PS Notice issued under the PS Act on regulated entities' obligations to submit regulatory returns.
Notice	<u>PSN04A Notice on Submission of Statement of Transactions and Profit/Loss</u>	PS Notice issued under the PS Act on regulated entities' obligations to submit statements of transactions and profit or loss.
Notice	<u>PSN05 Notice on Technology Risk Management</u>	PS Notice issued under the PS Act that set out requirements on technology risk management.
Notice	<u>PSN06 Notice on Cyber Hygiene</u>	PS Notice issued under the PS Act that set out cyber hygiene requirements.
Notice	<u>PSN07 Notice on Conduct</u>	PS Notice issued under the PS Act that set out requirements on the

		conduct of business by entities regulated under the PS Act.
Notice	<u>PSN08 Notice on Disclosures and Communications</u>	PS Notice issued under the PS Act that set out disclosures and communications that entities regulated under the PS Act are required to provide and comply with.
Notice	<u>PSN09 Notice on Specified Matters and Forms</u>	PS Notice issued under the PS Act that set out administrative matters and forms.
Notice	<u>PSN10 Notice on Prevention of Money Laundering and Countering the Financing of Terrorism – Exempt Payment Service Providers</u>	PS Notice to exempt payment service providers on the application of AML/CFT requirements to the provision of payment services for specified products
Guidelines	<u>E-payments User Protection Guidelines at commencement</u>	Covers application of the guidelines, liabilities and specific duties of various stakeholders in relation to unauthorised or erroneous transactions.
Guidelines	<u>Further amendments to E-Payments User Protection Guidelines</u>	Amended guidelines to include all MPIs and exempt payment service providers that issue payment accounts containing specified e-money.
Guidelines	<u>Guidelines to Notice PSN01 on Prevention of Money Laundering and Countering the Financing of Terrorism - Specified Payment Services</u>	Guidance to payment service providers (other than DPT service providers) on the AML/CFT requirements in PSN01
Guidelines	<u>Guidelines to Notice PSN02 on Prevention of Money Laundering and Countering the Financing of</u>	Guidance to DPT service providers on the AML/CFT requirements in PSN02

	Terrorism - Digital Payment Token Service	
Guidelines	MAS Technology Risk Management Guidelines	Risk management principles and best practice standards to guide FIs in managing technology risk.
Guideline	Guidelines on Fit and Proper Criteria [FSG-G01]	Sets out the fit and proper criteria applicable to all licensees.



Monetary Authority
of Singapore

PAYMENT SERVICES ACT

A guide to the essential aspects of the Payment Services Act 2019
