



MAS introduces new requirements for applicants seeking to apply for payment institution licences

2 August 2024

Overview of amendments to the PSA Guidelines

On 26 July 2024, the Monetary Authority of Singapore (MAS) issued an amended set of the [Guidelines on Licensing for Payment Services Providers](#) [PS-G01] (the **Amended Guidelines**), which set out the eligibility criteria and application procedures for payment service providers under the [Payment Services Act 2019 \(PSA\)](#). The Amended Guidelines will take effect from 26 August 2024. This follows the MAS' introduction of [amendments to the PSA and other related regulations](#) which have taken effect or will take effect in stages from 4 April 2024.

Summary of the changes

These changes to the Amended Guidelines mainly apply to new applicants seeking to apply for either a Standard Payment Institution (**SPI**) licence or a Major Payment Institution (**MPI**) licence, and can mainly be summarised as follows:

1. MAS will now require all new applicants applying for a SPI or MPI licence to submit a legal opinion together with their applications. This opinion must be issued by a law firm with experience advising on the PSA in Singapore. This opinion must include: (a) a clear and concise summary of the applicant's business model; and (b) an assessment of whether the applicant's proposed service(s) and/or product(s) are regulated payment services under the PSA. The range of regulated payment services in Singapore is defined in the First Schedule of the PSA and reproduced in this article below. Existing licensees applying to vary their licence to add Digital Payment Token (**DPT**) services will also need to submit such a legal opinion. MAS may also require any other applicant to provide a legal opinion if warranted (e.g. where the applicant is proposing a complex business model). In all instances, MAS can request a second legal opinion if the initial one is unclear (the **Legal Opinion Requirement**).
2. MAS will also require new applicants planning to offer DPT services, unless otherwise exempted under regulations, to appoint a qualified independent external auditor and submit an independent assessment report from this auditor along with their application. The onus is on the applicant to ensure it appoints an appropriate and suitably qualified external auditor to conduct this assessment. Existing licensees applying to vary their licence to add DPT services will also need to meet this requirement. As with the Legal Opinion Requirement, the MAS may likewise request the applicant to appoint another external auditor to re-perform the independent assessment if it has concerns on the quality and/or comprehensiveness of the initial opinion (the **Independent Audit Requirement**).

New legal opinion and independent audit requirements

Companies which are preparing or otherwise intend to submit fresh applications to the MAS for SPI or MPI licences would benefit from noting this new Legal Opinion and Independent Audit Requirements. Failure to meet these new requirements (where applicable) would likely result in an unsuccessful application.

Under the Amended Guidelines, MAS has said that the legal opinion should minimally include:

1. a summary of the applicant's business model (including the types of services and products to be offered, and the relevant fund flows);
2. an assessment of whether each type of service and/or product would constitute a regulated payment service under the PSA, and such assessment would need to analyse how each regulated payment service is or is not applicable to each proposed product and/or service;
3. any applicable licensing exemptions for the services and/or products; and
4. an acknowledgement from the law firm that the legal opinion will be disclosed to MAS.

For reference, the list of regulated payment services under the PSA is set out in the table below:

Activity Type	Brief Description
Account issuance service	The service of issuing a payment account or any service relating to any operation required for operating a payment account, such as an e-wallet (including certain multi-purpose stored value cards) or a non-bank issued credit card.
Domestic money transfer service	Providing local funds transfer service in Singapore. This includes payment gateway services and payment kiosk services.
Cross-border money transfer service	Providing inbound or outbound remittance service in Singapore, as well as facilitating remittance between entities in different countries even if monies are not accepted or received in Singapore.
Merchant acquisition service	Providing merchant acquisition service in Singapore where the service provider processes payment transactions from the merchant and processes payment receipts on behalf of the merchant. Usually the service includes providing a point-of-sale terminal or online payment gateway.
E-money issuance service	Issuing e-money to allow the user to pay merchants or transfer to another individual.
Digital payment token service	Buying or selling DPTs, or providing a platform to allow persons to exchange DPTs, and transmitting or arranging for the transmission of DPTs, provision of custodian wallet services for DPTs, actively facilitating the buying or selling of DPTs without possession of monies or DPTs.
Money-changing service	Buying or selling foreign currency notes.

General admission criteria for new applicants

Other than the requirements above, an applicant must generally fulfil a set of requirements and demonstrate how it will be able to comply with its obligations as a PSA licensee before MAS will grant it a licence. These requirements can be found at Part 3 of the Amended Guidelines, and are briefly summarised as follows:

1. Governance and ownership requirements;
2. Demonstration of applicant and key individuals' fitness and propriety;

3. Demonstration of key individuals' competency;
4. Permanent place of business or registered office;
5. Minimum base capital requirements;
6. Provision of minimum security to MAS;
7. Minimum compliance arrangements;
8. Technology risk management arrangements;
9. Independent audit arrangements;
10. Annual audit requirements; and
11. Letter of responsibility and/or letter of undertaking to the MAS.

How we can help

For new applicants looking to bolster their applications to the MAS, or existing PS licensees looking to vary their licence to provide DPT services, we will be very happy to assist you. We regularly advise financial institutions and payment service providers on such regulatory matters, including assisting in these applications to the MAS. We are therefore well-placed to assist you with the legal opinions which would be required, as well as advise on the various admission criteria for SPI / MPI licences and what each of them entail, and how you can improve the quality of your applications.

If you have any questions or are interested to know more about how we can assist, please reach out to any of our key contacts listed below.

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