

# LEGAL UPDATE

3 July 2019

## MAS TO ISSUE UP TO FIVE DIGITAL BANK LICENCES

### SUMMARY

On 28 June 2019, the Monetary Authority of Singapore (“**MAS**”) announced that it will issue up to five new digital bank licences. This is in addition to any digital banks that Singapore banks may also establish under the existing internet banking framework introduced in 2000. MAS’ decision would extend digital bank licences to non-bank players.

The entry of new digital players will add diversity and help strengthen Singapore’s banking system in the digital economy of the future. With innovative business models and strong digital capabilities, these players can cater to under-served segments of the market. They will provide impetus for existing banks to continue enhancing the quality of their digital offerings.

This legal update highlights briefly the features of MAS’ new digital bank licences.

### MAS’ DIGITAL BANK LICENCES

The five new digital bank licences will comprise of:

- (a) up to two digital full bank licences, which allow licensees to provide a wide range of financial services and take deposits from retail customers; and
- (b) up to three digital wholesale bank licences, which allow licensees to serve small and medium-sized enterprises and other non-retail segments.

Application for digital full bank licences is open to companies headquartered in Singapore and controlled by Singaporeans. Foreign companies

are eligible for these full bank licences if they form a joint venture with a Singapore company, and the joint venture meets the headquarter and control requirements. Application for digital wholesale bank licences is open to all companies. MAS has outlined its framework for a digital full bank and a digital wholesale bank, and disclosed broad eligibility criteria under the two frameworks. These include minimum paid up capital requirements, a track record in operating an existing business in their respective technology or e-commerce fields, and provision of clear value propositions on how it can serve existing unmet or underserved needs.

MAS expects to invite applications for the new digital bank licences in August 2019, and will provide more details on the eligibility and admission criteria for digital full and wholesale banks in due course.

### REFERENCES

Please click on the following links to access the documents.

1. [MAS Press Release dated 28 June 2019](#)
2. [Annex A on eligibility criteria for digital full banks](#)
3. [Annex B on eligibility criteria for digital wholesale banks](#)
4. [Annex C on a summary of the progressive liberalization of Singapore’s banking sector](#)

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