

LEGAL UPDATE

5 September 2019

MAS INVITES APPLICATIONS FOR NEW DIGITAL BANK LICENCES

SUMMARY

The Monetary Authority of Singapore (“**MAS**”) announced on 29 August 2019 that it will begin accepting applications for new digital bank licences. Interested parties have until 31 December 2019 to submit their applications. This follows the announcement in June 2019 by Mr Tharman Shanmugaratnam, Senior Minister and Chairman of MAS, that MAS will issue up to two digital full bank licences and three digital wholesale bank licences.

The new digital bank licences, which will be extended to non-bank players, will ensure that Singapore’s banking sector continues to be resilient, competitive and vibrant. Digital full banks will be allowed to take deposits from and provide a wide range of financial services to retail and non-retail customer segments, while digital wholesale banks will be permitted to serve SMEs and other non-retail segments. These new digital banks are in addition to any digital banks that Singapore banking groups may already establish under MAS’ existing regulatory framework.

This update discusses the application process and assessment criteria for applicants of digital bank licences.

APPLICATION PROCESS AND ASSESSMENT CRITERIA

Applicants must first meet the eligibility criteria for business track record, fit and proper shareholders, directors and management, capital commitment, a clear value proposition and a sustainable business model, to be considered. Applicants for the digital full bank licence must additionally be anchored in Singapore, controlled by Singaporeans and headquartered in Singapore. Eligible applicants will then be assessed for the following:

- (a) Value proposition of the applicant’s business model, incorporating the innovative use of technology to serve customer needs and reach under-served segments of the Singapore market that differentiates it from existing banks.
- (b) Ability to manage a prudent and sustainable digital banking business, including the level of understanding of key risks in a banking business, and strength of its regulatory compliance and risk management plans.
- (c) Growth prospects and other contributions to Singapore’s financial centre, such as the jobs it will be bringing to Singapore, its commitment to develop the skills of the local workforce, the capabilities it will be locating in Singapore, the headquarter functions it will be anchoring here as well as its regional expansion plans.

REFERENCES

Please click on the following links to access the documents.

1. **MAS’ press release dated 28 June 2019**
2. **MAS’ press release dated 29 August 2019**

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