

Financial Institutions Group | Technology, Media & Telecommunications

MAS Consults on Revised Restrictions on E-money Payment Accounts

Introduction

On 18 October 2022, the Monetary Authority of Singapore ("**MAS**") published a consultation paper to seek feedback on proposed changes to the Payment Services Act 2019 ("**PS Act**")¹ to:

1. Revise the limits on stock cap and flow cap ("**Caps**") imposed on personal payment accounts containing e-money ("**e-wallet**") issued by a Major Payment Institution ("**MPI**") to a user; and
2. Introduce a new exemption for a MPI with regard to its arrangements which contemplate "white-label" e-wallet account issuance from the requirement to aggregate all the e-money in the e-wallets issued to the same user for purposes of applying the Caps to the user.

The consultation is targeted at all licensees and regulated entities under the PS Act, financial institutions and other interested parties (including members of the public and payment service users). Feedback must be submitted to MAS by **25 November 2022**.

This Update highlights the key proposals in the consultation paper.

Proposed Revised Caps on Personal E-Wallets

Current Caps

Presently, an MPI is required under the PS Act to ensure that:

- (a) The amount of funds that can be held at any given time in an e-wallet of a user does not exceed S\$5,000 ("**stock cap**");
- (b) The total outflow over a rolling 12-month period in an e-wallet of a user does not exceed S\$30,000 ("**flow cap**").

To facilitate specific user needs, the Caps are subject to the following exemptions:

- Users may load more than S\$5,000 into their e-wallets on an intra-day basis, so long as the end-of-day balance is below S\$5,000;
- The flow cap excludes funds transferred into the user's own or designated local bank accounts, or his/her overseas bank account.

¹ Includes its subsidiary legislation, i.e. the Payment Services Regulations 2019.

Client Update: Singapore

2022 OCTOBER

Financial Institutions Group | Technology, Media & Telecommunications

The Caps are calculated on a "per user, per payment institution" basis (discussed more in the next section).

Proposed Revision to Caps

For better customer convenience and to support innovation in the e-payments landscape, MAS proposes to increase the Caps as follows:

	Current Limit	Proposed Revised Limit
Stock cap	S\$5,000	S\$20,000
Flow cap	S\$30,000	S\$100,000

MAS considered the potential impact of revising the caps on the stability of the Singapore financial system. This is because these Caps are relevant to mitigate potential significant outflows from bank deposits to non-bank e-wallets. After considering scenario projections based on historical consumer usage statistics, MAS has taken the view that the financial stability objectives can still be met even with the higher proposed Caps.

As raising the Caps also means potentially increasing the funds held or transferred through e-wallets, and therefore exposure to greater potential losses from scams involving e-wallets, MAS has also advised that e-wallet issuers should be aware of this risk and consider whether they need to enhance their anti-scam controls.

Proposed New Exemption from Aggregate Caps Requirement for MPIs

Under the PS Act at present, an MPI that issues two or more e-wallets to any user is required to aggregate all the e-money in the e-wallets issued to that user and apply the Caps to the user ("**Aggregate Caps Requirement**").

MAS proposes to exempt an MPI that enters into the following arrangement from the Aggregate Caps Requirement where the MPI:

- (a) Enters into an arrangement with e-money issuance service providers ("**e-money issuers**") where the MPI will issue e-wallets on behalf of the e-money issuers, and the e-wallets will store e-money issued by the e-money issuers to their payment service users; and
- (b) Provides the e-wallet issuance service to *two or more e-money issuers*,

Financial Institutions Group | Technology, Media & Telecommunications

(referred to as the "**white-label account issuance arrangement**"). This means that for the purposes of applying the Caps, the MPI will *not* be required to aggregate the e-money in e-wallets issued to the same payment service user under the white-label account issuance arrangement.

For clarity, if an MPI issues two or more e-wallets to a payment service user on behalf of a *single e-money issuer*, the MPI needs to aggregate the e-money contained in those two or more e-wallets issued to that payment service user for the purposes of applying the Caps.

For further details, please refer to the consultation paper which also provides an illustration of how this works.

Our Comments

This consultation demonstrates that the payments services landscape is constantly evolving, and the regulatory framework has to be reviewed and updated. Although the PS Act is a relatively new legislation which came into effect in 2020, it has already seen several proposed amendments and legislative and policy consultations.

MAS takes feedback into consideration and constantly reviews legislative framework to ensure that the regulations are right-sized and addresses key risks and concerns applicable to regulated payment services.

Further Information

For more information, please click [here](#) for the MAS Consultation Paper on "*Proposed Amendments to Restrictions on Personal Payment Accounts that Contain E-money*" that is made available on the MAS website (www.mas.gov.sg).

If you have any queries on the above development or would like to submit any feedback on the consultation paper, please feel free to contact our team members below who will be happy to assist.

Contacts

Financial Institutions Group



Regina Liew
Head, Financial Institutions
Group

T +65 6232 0456

regina.liew@rajahtann.com



Larry Lim
Deputy Head, Financial
Institutions Group

T +65 6232 0482

larry.lim@rajahtann.com



Benjamin Liew
Partner, Financial Institutions
Group

T +65 6232 0686

benjamin.liew@rajahtann.com

Technology, Media & Telecommunications



Rajesh Sreenivasan
Head, Technology, Media &
Telecommunications

T +65 6232 0751

rajesh@rajahtann.com



Steve Tan
Deputy Head, Technology, Media
& Telecommunications

T +65 6232 0786

steve.tan@rajahtann.com



Benjamin Cheong
Deputy Head, Technology, Media
& Telecommunications

T +65 6232 0738

benjamin.cheong@rajahtann.com



Lionel Tan
Partner, Technology, Media &
Telecommunications

T +65 6232 0752

lionel.tan@rajahtann.com



Tanya Tang
Partner (Chief Economic and
Policy Advisor), Technology,
Media & Telecommunications

T +65 6232 0298

tanya.tang@rajahtann.com

Please feel free to also contact Knowledge and Risk Management at eOASIS@rajahtann.com

Our Regional Contacts

RAJAH & TANN | *Singapore*

Rajah & Tann Singapore LLP
T +65 6535 3600
sg.rajahtannasia.com

R&T SOK & HENG | *Cambodia*

R&T Sok & Heng Law Office
T +855 23 963 112 / 113
F +855 23 963 116
kh.rajahtannasia.com

RAJAH & TANN 立杰上海

SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP
Shanghai Representative Office**
T +86 21 6120 8818
F +86 21 6120 8820
cn.rajahtannasia.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*

Assegaf Hamzah & Partners

Jakarta Office

T +62 21 2555 7800
F +62 21 2555 7899

Surabaya Office

T +62 31 5116 4550
F +62 31 5116 4560
www.ahp.co.id

RAJAH & TANN | *Lao PDR*

Rajah & Tann (Laos) Co., Ltd.

T +856 21 454 239
F +856 21 285 261
la.rajahtannasia.com

CHRISTOPHER & LEE ONG | *Malaysia*

Christopher & Lee Ong
T +60 3 2273 1919
F +60 3 2273 8310
www.christopherleeong.com

RAJAH & TANN | *Myanmar*

Rajah & Tann Myanmar Company Limited
T +95 1 9345 343 / +95 1 9345 346
F +95 1 9345 348
mm.rajahtannasia.com

GATMAYTAN YAP PATACSIL

GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*
Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)

T +632 8894 0377 to 79 / +632 8894 4931 to 32
F +632 8552 1977 to 78
www.cagatlaw.com

RAJAH & TANN | *Thailand*

R&T Asia (Thailand) Limited

T +66 2 656 1991
F +66 2 656 0833
th.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*

Rajah & Tann LCT Lawyers

Ho Chi Minh City Office

T +84 28 3821 2382 / +84 28 3821 2673
F +84 28 3520 8206

Hanoi Office

T +84 24 3267 6127
F +84 24 3267 6128
www.rajahtannlct.com

Rajah & Tann Asia is a network of legal practices based in Asia.

Member firms are independently constituted and regulated in accordance with relevant local legal requirements. Services provided by a member firm are governed by the terms of engagement between the member firm and the client.

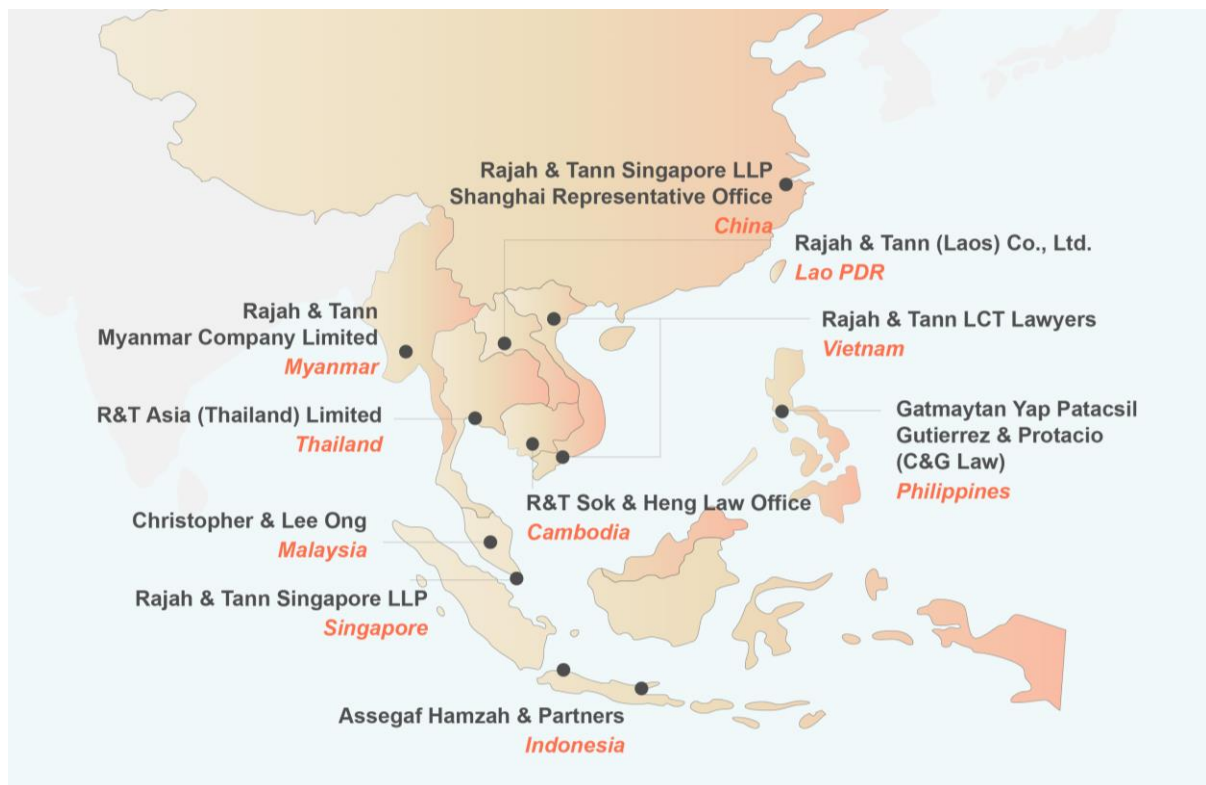
This update is solely intended to provide general information and does not provide any advice or create any relationship, whether legally binding or otherwise. Rajah & Tann Asia and its member firms do not accept, and fully disclaim, responsibility for any loss or damage which may result from accessing or relying on this update.

Client Update: Singapore

2022 OCTOBER

**LAWYERS
WHO
KNOW
ASIA**

Our Regional Presence



Rajah & Tann Singapore LLP is one of the largest full-service law firms in Singapore, providing high quality advice to an impressive list of clients. We place strong emphasis on promptness, accessibility and reliability in dealing with clients. At the same time, the firm strives towards a practical yet creative approach in dealing with business and commercial problems. As the Singapore member firm of the Lex Mundi Network, we are able to offer access to excellent legal expertise in more than 100 countries.

Rajah & Tann Singapore LLP is part of Rajah & Tann Asia, a network of local law firms in Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Our Asian network also includes regional desks focused on Brunei, Japan and South Asia.

The contents of this Update are owned by Rajah & Tann Singapore LLP and subject to copyright protection under the laws of Singapore and, through international treaties, other countries. No part of this Update may be reproduced, licensed, sold, published, transmitted, modified, adapted, publicly displayed, broadcast (including storage in any medium by electronic means whether or not transiently for any purpose save as permitted herein) without the prior written permission of Rajah & Tann Singapore LLP.

Please note also that whilst the information in this Update is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as such information may not suit your specific business and operational requirements. It is to your advantage to seek legal advice for your specific situation. In this regard, you may call the lawyer you normally deal with in Rajah & Tann Singapore LLP or email Knowledge & Risk Management at eOASIS@rajahtann.com.