

Financial Institutions

MAS to Revise Restrictions on E-money Payment Accounts by H2 2023

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**") to: (i) 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 (ii) introduce a new exemption for a MPI with regard to its arrangements which contemplate White-Label e-wallet Account issuance from the requirement under the PS Act to aggregate all the e-money in the e-wallets issued to the same user for purposes of applying the Caps to the user ("**WLA exemption**"). Refer to our October 2022 Legal Update titled "MAS Consults on Revised Restrictions on E-money Payment Accounts" (available [here](#)) for more information. On 7 July 2023, MAS shared its [Response to Feedback received on the Consultation Paper](#) ("**Response**") and indicated that it expects to implement the proposals by the second half of 2023.

Proposed Revision to Caps in E-Wallets

In the Consultation Paper, MAS proposed to raise the stock cap (i.e. maximum amount of funds that can be held at any given time) from S\$5,000 to S\$20,000, and the flow cap (i.e. maximum total outflow over a rolling 12-month period) from S\$30,000 to S\$100,000. As the proposals received support from the majority of respondents, MAS will be proceeding to increase the Caps as proposed.

Rationale for higher Caps

MAS' surveys and review of consumer feedback and monthly household spending data indicated that there was demand for higher Caps and that higher Caps would facilitate greater consumer convenience and innovation. MAS expects payment service providers to put in place robust anti-scam controls commensurate with their respective business risks, in particular controls to address risks arising from the implementation of the revised Caps. MAS is working with the industry on the specifics of these controls and aims to finalise these in the next few months. MPIs should keep abreast of these developments and implement the anti-scam controls as required or expected by the MAS. MPIs should also take note of the already existing guidance provided by MAS in the E-payments User Protection Guidelines.

Client Update: Singapore

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Banking & Finance

Caps to be determined by individual MPIs that issue e-wallets

Several respondents suggested that MAS allow e-wallet issuers to either: (i) benefit from higher Caps where their risk control measures are assessed to be more robust; or (ii) set their own caps in relation to their risk appetite/risk management framework, and/or be able to "adjust" the caps for each user depending on user sophistication or preference. MAS has taken a holistic view and assessed that the proposed revised Caps will be sufficient in meeting the diverse needs of consumers without compromising on financial stability, but will continue to monitor if changes in industry and consumer needs will require further changes to the Caps in future. E-wallet providers will also have the flexibility to set Caps below the maximum stock cap of S\$20,000 and flow cap of S\$100,000.

Foreign-denominated currencies held in e-wallets

In response to feedback that foreign-denominated currencies should be exempted from counting towards the Caps, MAS stated that the Caps are already calibrated to be sufficient to cater to both domestic and foreign currency spending, and that "*funds that are transferred from e-wallets into the user's own overseas bank account will continue to be excluded from the caps*". Accordingly, MAS will continue to require all currencies to count towards the Caps but stated that they will continue to review the Caps if there are future use cases that should be accommodated.

Proposed WLA Exemption

The proposed WLA exemption received support from the majority of respondents and MAS responded to some clarifications on the scope of the proposed WLA exemption.

MAS remains supportive of the WLA exemption for genuine use cases, but notes the diversity of potential white-label account issuance arrangements, and a class exemption from section 24(1)(c) of the PS Act may not address all these arrangements. MAS will review applications by MPIs that wish to be exempted on a case-by-case basis, and will take into account considerations that include (but not limited to): the structure of the white-label account issuance arrangement and whether the MPI has clearly disclosed or will clearly disclose the respective responsibilities of the MPI vis-à-vis the e-money issuer(s) to users, and has in place the relevant controls to track each user's holdings and spending of each type of e- money held in e-wallets issued by the MPI against the Caps.

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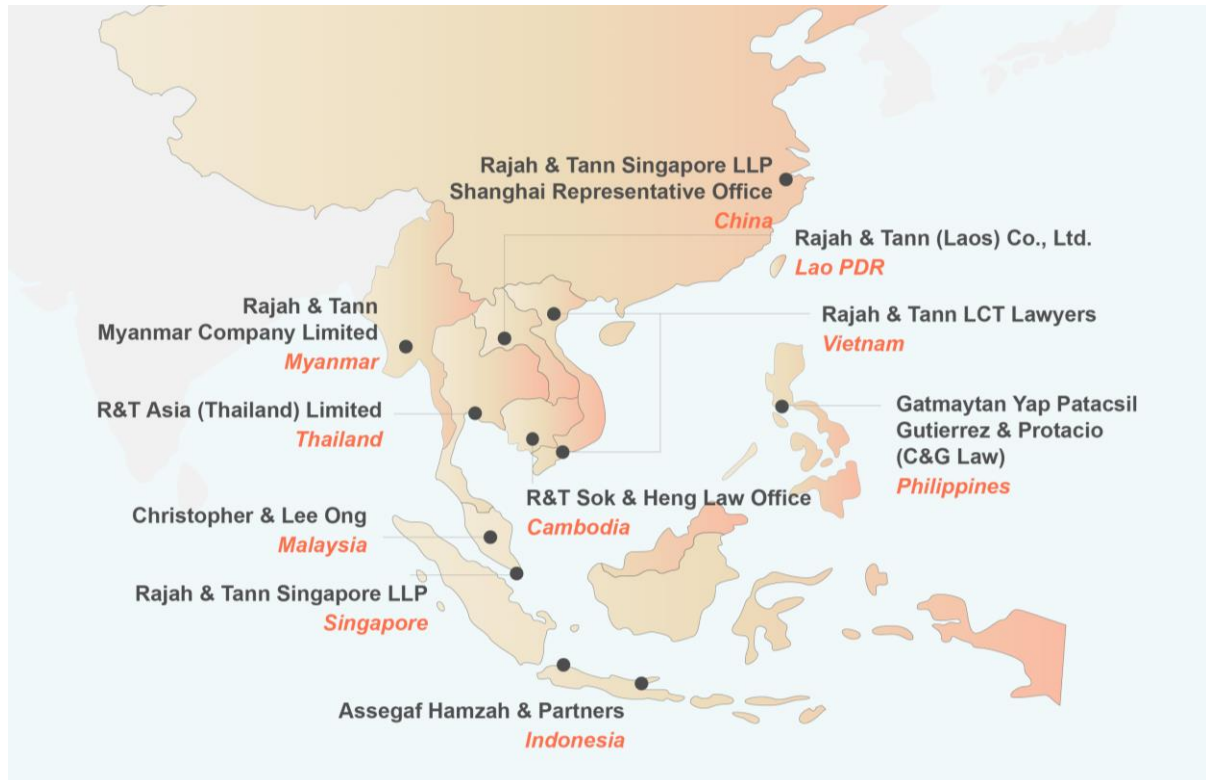
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