

Straight Away

MAS consultation papers on proposed payment services notices and guidelines

July 2019

The Payment Services Act (PS Act) was passed by Parliament on 14 January 2019 to provide the licensing and regulation of payment services providers, oversight of payment systems and any related matters. The PS Act is targeted to commence in January of 2020.

To effect the objective of the PS Act, the Monetary Authority of Singapore (MAS) had on:

- (a) 6 June 2019 issued Consultation Paper on Proposed Payment Services Notices on Prevention of Money Laundering and Countering the Financing of Terrorism. The public consultation ended on 5 July 2019; and
- (b) 5 July 2019 issued Consultation Paper on Proposed Payment Services Notices and Guidelines. The public consultation period will end on 5 August 2019.

Key proposed requirements and amendments

Area	Name of Notices and Guidelines	Proposed Requirements and Amendments
Anti-money Laundering/ Countering the Financing of Terrorism (“AML/CFT”)	<p>PSN01 Notice to Payment Services Providers (Specified Payment Services) on Prevention of Money Laundering and Countering the Financing of Terrorism</p> <p>PSN02 Notice to Payment Services Providers (Digital Payment Token Service) on Prevention of Money Laundering and Countering the Financing of Terrorism</p>	<p>Proposed AML/CFT reporting requirements as well as exemptions which will apply depending on the services provided.</p> <p>PSN01 remain aligned with the AML/CFT requirements currently in MAS Notice 3001 (for holders of money-changer’s licence and remittance licence) and MAS Notice PSOA-N02 (for holders of stored value facilities) whereas PSN02 is to regulate those which carry out digital payment token services.</p>
Suspicious Activities and Fraud	<p>PSN03 Notice on reporting of suspicious activities and incidents of fraud</p>	<p>Reporting requirements of suspicious activities and incidents of fraud will be extended to all licensees, designated payment systems (“DPS”) operators and settlement institutions.</p>

Area	Name of Notices and Guidelines	Proposed Requirements and Amendments
Regulatory Reporting	<p>PSN04 Notice on submission of regulatory returns</p> <p>PSN04A Notice on submission of statement of transactions and profit/loss</p>	<p>Periodic regulatory submission of information pertaining to the payment services will be required for all licensees. The submission requirements are dependent on the activities, the type and frequency will vary as a result.</p>
Technology Risk Management	<p>PSN05 Notice on technology risk management</p>	<p>Requirements will be required for DPS operators and settlement institutions. Licensees will not be subjected to the requirements at the moment.</p>
Cyber Hygiene	<p>PSN06 Notice on cyber hygiene</p>	<p>DPS operators and all licensees will be required to establish baseline defences against cyber threat.</p>
Conduct Requirements	<p>PSN07 Notice on conduct</p>	<p>3 new conducts requirements will be introduced. These requirements are as follows:</p> <ol style="list-style-type: none"> 1. Determining Singapore residency of customer; 2. Specifying the days and hours that a place of business must be manned; and 3. Determining the exchange rate to be applied for the purposes of safeguarding.
Disclosure Requirements	<p>PSN08 Notice on disclosure and communications</p>	<p>New disclosure and communication requirements will be introduced to give the public and customers accurate information about the entities' licensing status and obligations. The type of requirements will differ based on the licence class, scope of exemption and payment service provided.</p>

Area	Name of Notices and Guidelines	Proposed Requirements and Amendments
Fit and Proper	FSG-G01 Guidelines on fit and proper criteria	Fit and proper requirements will be extended to all licensees.
E-payments User Protection	E-payments user protection guidelines	Guidelines will be amended to include all major payment institutions (“MPIs”) and exempt payment service providers that issue payment accounts which contain specified e-money.
Savings Regulations	Proposed Payment Services (Saving and Transitional) Regulations (“Saving Regulations”)	MAS intends to issue the Savings Regulations to smoothly transition existing remittance licensees under the Money-Changing and Remittance Businesses Act (“MCRBA”) to the PS Act in respect of their dealing with customer money for remittance transactions. The Savings Regulations will extend the application of section 26 of the MCRBA beyond the commencement of the PS Act.

How we can help

You will need to consider if the proposed requirements and amendments impact your current regulatory compliance roadmap. Organisations will need to plan early and sufficiently to address these requirements.

For all organisations engaged in payment services, we can provide support and advice to help you assess, manage, and comply with existing and future regulatory and technology requirements. Drawing from our experience in the payments space, we can bring insights, and help you navigate the impact of the PS Act on your organisation and your operating model.

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