Base capital and financial requirements

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The base capital for a standard payment institution is S$ 100,000 and for a major payment institution S$ 250,000.[1] Base capital is defined in reg. 2(2) of the Payment Services Regulations 2019 as the sum of paid-up ordinary share capital, paid-up irredeemable and non-cumulative preference share capital and certain reserves, less accumulated losses and certain deductions.[2] The figures are low by the standards of a securities firm or a bank because they are not meant to absorb operational losses. MAS instead relies on the security deposit for MPIs, on safeguarding and segregation for customer assets and on the licence condition that the firm maintain positive net assets and notify MAS of any breach.

The low statutory figure should not mislead a founder about the real capital needed. MAS asks for evidence that the firm can fund its operations for at least the first year without relying on customer assets. In practice it expects an MPI applicant in the DPT business to show committed funding in the low millions of Singapore dollars. The licence will also carry a condition requiring the firm to hold a minimum amount of capital above the statutory base, and MAS has used such conditions to require DPT licensees to hold capital commensurate with their operational risk.

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The security deposit for an MPI is set by s. 22 PSA and is lodged with MAS in cash or by bank guarantee. Its amount depends on the licensee's monthly transaction volume and the number of services. It serves as a fund of last resort for customer claims. The deposit is distinct from the safeguarding of customers' money under s. 23. For an MPI that money must be held in a trust account with a bank in Singapore, be covered by a bank guarantee or be the subject of a bank's undertaking to be fully liable.[3] Safeguarding under s. 23 applies to "relevant money", which means fiat money received for a payment service. It does not apply to tokens. The protection of customers' tokens is governed by the separate segregation regime introduced in 2024.

Notes

1. MAS, "Standard Payment Institution Licence" page on mas.gov.sg (base capital S$ 100,000); the MPI figure of S$ 250,000 is stated in the Payment Services Regulations 2019 and on the corresponding MAS page. ↩
2. Payment Services Regulations 2019 (S 810/2019), reg. 2(2) and 2(3), definitions of "base capital" and "irredeemable and non-cumulative preference share capital", as read on Singapore Statutes Online. ↩
3. PSA, ss 22 (security deposit) and 23 (safeguarding of relevant money); Payment Services Regulations 2019, provisions on the trust account and the bank's undertaking. ↩

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