Purpose-bound money

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Purpose-bound money (PBM) is a Singapore design concept, published by MAS in a white paper of June 2023, under which a digital money token is wrapped in a programmable layer that restricts how, where and when it may be spent. The underlying money may be a tokenised deposit, a stablecoin or CBDC. The wrapper might restrict a government voucher to approved merchants, release an escrow payment on delivery, or limit a corporate travel budget to transport and accommodation.[1]

The legal interest of PBM is that it separates the money from the condition. The holder of a PBM token holds money subject to a contractual or programmatic restriction on use. The restriction is a contractual term that sits outside the money itself. When the condition is met the wrapper releases the underlying token unencumbered. For a Swiss lawyer the closest analogue is a conditional transfer or an escrow, and the analysis under the Code of Obligations is that the holder has a conditional claim to the underlying deposit. Singapore has not legislated for PBM and treats the wrapper as a matter of contract between the issuer, the holder and the merchant. The programme ran live in pilots through 2024 and 2025 and has influenced the design of government disbursements, but no general PBM regime exists in either hub.

Notes

1. MAS, Purpose Bound Money (PBM) Technical Whitepaper, 21 June 2023 (published with industry participants including Amazon, Grab and the Singapore banks). Part K, Chapter VII.

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