Stage three: substantive review

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The substantive review is conducted by a case officer in the payments licensing team, with input from the AML, technology risk and legal functions. It proceeds through rounds of written requests for information, typically three to six rounds, each with a response deadline of two to four weeks. The questions fall into recognisable groups.

The first group concerns the business model. MAS asks how the service works step by step, who the counterparties are, where the assets are at each moment, how revenue is earned and what the projected volumes are. It tests whether the services applied for match the model and whether the model involves any activity that requires another licence, such as dealing in capital markets products or providing financial advice. It also asks where the customers are, because an applicant whose customers are all abroad raises the Part 9 question described in Chapter V.[1]

The second group concerns the people. MAS interviews the chief executive, the compliance officer and often the directors. The interviews test whether the individuals understand the business, the policies and the regulatory obligations, and whether the Singapore management is in substance running the firm or is a front for a foreign parent. A chief executive who cannot explain the AML policy or the

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custody architecture without an adviser present has failed the interview. Fit and proper issues disclosed in the questionnaires are explored in detail. MAS makes its own enquiries with foreign regulators and through public records.[2]

The third group concerns the controls. MAS reviews the AML/CFT framework against PSN02 and the Guidelines, with particular attention to the enterprise-wide risk assessment, the blockchain analytics arrangements, the travel rule solution and the escalation of suspicious activity. It reviews the technology framework against the TRM Guidelines and PSN05, with particular attention to key management, access control and incident response. It reviews the custody and segregation arrangements against the 2024 regulations, including the trust account structure, the cold storage ratio and the reconciliation process. It reviews the consumer protection measures where retail customers are intended.

The fourth group concerns the finances. MAS reviews the base capital, the source of the capital up the chain of ownership, the funding commitments for the first years and the arrangements for the security deposit. It asks for evidence that the capital has been paid up and is unencumbered.[3]

Practice note

Treat each round of MAS questions as an examination to be passed completely at the first attempt. Answer every question directly, with references to the policy document and page, and attach the document. Do not answer a question with a promise to do something after licensing. Do not send a response that was prepared by advisers without the management having read and understood it, because the interview will reveal the gap. If a question exposes a weakness in the application, fix the weakness and say so, including the revised document. MAS rewards candour and penalises evasion. The case officer's recommendation depends on the quality of the responses as much as on the original application.

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Notes

1. Allen & Gledhill, "Clarifications on licensing under Part 9 of Financial Services and Markets Act 2022", June 2025, on the distinction between providers serving Singapore customers under the main Acts and providers serving only customers outside Singapore. ↩
2. MAS, Guidelines on Fit and Proper Criteria (FSG-G01), paras on the assessment of honesty, integrity and reputation and the sources MAS may consult; FSMA 2022, Part 7, on information sharing with foreign regulators. ↩
3. Payment Services Regulations 2019, reg. 2(2), definition of "base capital" by reference to paid-up share capital and reserves less deductions, as read on Singapore Statutes Online. ↩

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