Supervision in practice

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Supervision of a digital payment token licensee is conducted by the department responsible for payments, with the anti-money-laundering department and the technology risk specialists involved as needed. A licensee files periodic returns, submits an annual audit of its compliance with the Payment Services Act and the relevant notices, notifies MAS of changes in control, directors and key personnel, and may be inspected on site. Inspections in the digital-asset field have concentrated on customer due diligence, transaction monitoring, the travel rule and the segregation of customer assets. MAS communicates findings in writing, requires remediation plans and follows up. Where it finds serious failings it moves to the enforcement tools described above.

The civil-law reader should note two features that differ from Swiss practice. First, there is no supervisory organisation or self-regulatory organisation layer: MAS supervises every licensee directly, which is why its licensing is slow and its licensee population small. Second, MAS supervises conduct as intensely as prudence. The consumer-access guidelines of 2024, which Part K, Chapter III examines, require a licensee to assess a retail customer's understanding of risk, to refuse credit and incentives and to restrict margin trading. MAS checks compliance with those guidelines in the same inspection in which it checks capital. In the FINMA model the conduct rules under the Financial Services Act (FinSA; FIDLEG) are policed largely through audit firms and the ombudsman. A Swiss firm accustomed to that model must build a Singapore compliance function that expects the regulator itself to look at the customer file.

Practice note

A Swiss group planning a Singapore licence should budget for a continuing supervisory relationship that begins with the approval. You will need a Singapore-resident compliance officer who can meet MAS and a technology risk function that can answer MAS's questionnaires on the Technology Risk Management Guidelines. You will also need an external auditor familiar with payment services audits and a board that understands that MAS may call the independent directors. A group that runs compliance from Zug and treats Singapore as a satellite will be found out at the first inspection. Part L, Chapter VIII describes how to run one compliance programme across both hubs.

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