The definition of a digital payment token

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Everything in the crypto limb of the Act depends on the statutory definition of a digital payment token (DPT). Section 2(1) of the Act defines it as any digital representation of value, other than an excluded digital representation of value, that meets five conditions. It must be expressed as a unit, and it must not be denominated in any currency and must not be pegged by its issuer to any currency. It must be, or be intended to be, a medium of exchange accepted by the public or a section of the public as payment for goods or services or for the discharge of a debt. It must be capable of being transferred, stored or traded electronically, and it must satisfy such other characteristics as MAS may prescribe.[1]

Each element carries a legal consequence, beginning with the exclusion of tokens denominated in or pegged to a currency which is the hinge between the DPT regime and the e-money regime. A Singapore-dollar stablecoin whose issuer promises a one-to-one peg is e-money under the Act if it also represents a claim on the issuer and was paid for in advance, whereas an unpegged token such as bitcoin or ether is a DPT. The "medium of exchange" element is where most borderline tokens are argued. A token that is only ever usable inside one closed application may be an excluded "limited purpose digital payment token" under Part 2 of the First Schedule.

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That exclusion carves out tokens used in a loyalty scheme, within a game or for a non-financial purpose, provided the token cannot be returned to the issuer for money.[2] The "section of the public" wording means that acceptance by a small but open-ended group suffices. A governance token that trades on a secondary market and that some merchants accept has crossed the line even if the issuer never intended it as money.

The reader coming from Switzerland will notice that the FINMA taxonomy of payment, utility and asset tokens has no direct Singapore equivalent (see Part B, Chapter III and Part E, Chapter I). The Payment Services Act uses a single functional test, so a token that fails it is simply outside this Act. The practical result is a wider payments perimeter than in Switzerland, where a utility token issuer is often outside licensing altogether. At the same time the e-money perimeter is narrower, since Swiss law treats currency-pegged stablecoins as deposits or collective investments (see Part E, Chapter VII).

Example

A Singapore company issues a token that gives holders a discount on fees in its own decentralised exchange protocol, and the token is listed on three foreign exchanges. The company says the token is a utility token, but under the Payment Services Act the label is irrelevant. The token is expressed as a unit, is not pegged to a currency and can be transferred electronically. Whether it is a medium of exchange "accepted by a section of the public" is a factual question answered by the secondary market and by any merchant acceptance. If the token is accepted as payment anywhere, it is a DPT. The company's own buy-back desk or treasury sales to the public may then constitute a DPT service. The company should document its analysis before launch and, if the token is a DPT, decide whether it will deal in the token from Singapore at all.

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Notes

1. PSA, s. 2(1), definition of "digital payment token", paras (a) to (e), as consolidated on Singapore Statutes Online (checked June 2026). ↩
2. PSA, First Schedule, Part 2, exclusion for "limited purpose digital payment token"; Payment Services Regulations 2019, definitions of the excluded categories. ↩

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