The Payment Services Act 2019 and the digital payment token licence

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The Payment Services Act 2019 is the statute under which most Singapore crypto businesses are licensed. It was passed in January 2019 and commenced on 28 January 2020, replacing the Payment Systems (Oversight) Act and the Money-changing and Remittance Businesses Act with a single activity-based framework for seven payment services.[1] One of the seven is the "digital payment token service". A digital payment token is defined as a digital representation of value that is expressed as a unit and is neither denominated in nor pegged by its issuer to any currency. It must be intended to be a medium of exchange accepted by the public as payment for goods or services or the discharge of a debt. It must be capable of being transferred, stored or traded electronically and must satisfy such other characteristics as MAS may prescribe.[2] Bitcoin and Ether are DPTs. A stablecoin pegged to a single currency is excluded from the DPT definition in principle because it is pegged. MAS has nonetheless regulated single-currency stablecoins as DPTs in practice, pending the dedicated framework described in Section 5. E-money, which is denominated in a currency and represents a claim on the issuer, has its own category.

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The scope of the DPT service was widened by the Payment Services (Amendment) Act 2021, which MAS brought into force on 4 April 2024. Before that date the service covered dealing in DPTs and facilitating their exchange where the provider came into possession of money or tokens. Since then it also covers transfer of DPTs, custody of DPTs and the facilitation of exchange without possession, which brought pure custodians, brokers and transfer services inside the perimeter.[3] A business providing a DPT service needs a standard payment institution licence if its monthly transaction value stays below S$ 3 million for a single service or S$ 6 million for two or more services. Above those thresholds it needs a major payment institution licence.[4] In practice almost every serious DPT business applies for the major payment institution licence from the outset. Part K, Chapters I and II treat the licence in detail.

The DPT licence carries obligations that go well beyond anti-money-laundering. A licensee must segregate customer assets and hold them on trust and must keep at least 90 per cent of customer DPTs in cold storage. It must maintain technology-risk controls that satisfy MAS's Technology Risk Management Guidelines, perform an annual independent audit and comply with the consumer-access measures described in Section 6.[5] The licensing process is slow and selective. MAS received several hundred applications after 2020 and had granted, by mid-2026, licences or in-principle approvals to a few dozen DPT service providers, among them Coinbase, Crypto.com, OKX, Gemini, Paxos and Circle.

Notes

1. Payment Services Act 2019 (No. 2 of 2019), commenced 28 January 2020 by the Payment Services Act 2019 (Commencement) Notification 2019, with transitional arrangements of six months for digital payment token service providers and twelve months for other newly regulated activities. ↩
2. Payment Services Act 2019, s. 2(1), definitions of "digital payment token", "digital payment token service" and "e-money"; First Schedule, Part 3. ↩
3. Payment Services (Amendment) Act 2021 (No. 1 of 2021), amendments to the First Schedule, Part 3, in operation from 4 April 2024; MAS, "Response to

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feedback received on consultation on proposed amendments to the Payment Services Act", 2 April 2024. ↩

4. Payment Services Act 2019, s. 6(5) (thresholds for standard payment institutions); Payment Services Regulations 2019, reg. 15 ff. (base capital: S$ 100,000 for a standard payment institution and S$ 250,000 for a major payment institution). ↩

5. Payment Services (Amendment) Regulations 2023 and MAS Notice PSN08 "Disclosures and Communications"; MAS, Guidelines on Consumer Protection Measures by Digital Payment Token Service Providers (PS-G03), revised 19 September 2024, Chapter 5 (safeguarding of customer assets), paragraph 5.3 in effect from 4 October 2024 and the remainder from 19 June 2025. ↩

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