Tokenised deposits and wholesale CBDC

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

The settlement asset for tokenised securities has been the open question of the programme. A tokenised bond that settles against a conventional bank transfer loses the benefit of atomic settlement. Three candidates have been tested: tokenised bank deposits, single-currency stablecoins and wholesale central bank digital currency.

Tokenised deposits are the banks' preferred answer. They remain deposits under the Banking Act 1970, are deposit-insured and sit on the bank's balance sheet, so they require no new regulation. Their limitation is reach: a tokenised deposit of DBS can be used only by DBS customers or within a network of banks that have agreed to accept each other's tokenised liabilities. Project Guardian pilots used tokenised deposits for the first trades and the banks have continued to develop them for intra-bank and inter-bank settlement.

Single-currency stablecoins, discussed in Chapter VI, are the non-bank answer. XSGD has been used as a settlement asset in pilots and has the advantage of circulating on public blockchains. Its limitation is that it is a claim against a payment institution and is not deposit-insured, which makes some institutional participants reluctant to hold large balances.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Wholesale CBDC is the central bank's answer. MAS announced in November 2023 that it would pilot the live issuance of wholesale CBDC for interbank settlement in 2024. The SGD Testnet announced in November 2024 provides the environment in which participating banks settle tokenised transactions in central bank money.[1] MAS has repeatedly stated that it sees no case for a retail CBDC in Singapore. Project Orchid, which ran from 2021, explored purpose-bound money, meaning digital money that carries programmable conditions on its use, with pilots for government vouchers and commercial payments, and concluded that the concept could be delivered with tokenised deposits and e-money without a retail CBDC.[2]

Notes

1. MAS, announcements concerning the pilot issuance of wholesale central bank digital currency for interbank settlement (November 2023) and the SGD Testnet (November 2024). ↩
2. MAS, Project Orchid reports (2022 and 2023) on purpose-bound money and the conclusions on retail CBDC. ↩

Disclaimer

This article is provided for general information only. It is based on publicly available sources as at its date of publication. These sources have not been independently verified against licences, regulatory registers or the records of the entities concerned. It is not legal, tax, financial or investment advice. Nor is it a recommendation to invest in, transact with or use the services of any entity mentioned. Law and regulation change frequently, so the content may be incomplete or outdated. To the fullest extent permitted by law, Dr Alexander Ressos and the publisher of SingaporeIQ exclude all liability for loss or damage arising from the use of or reliance on this article. Readers should obtain advice on their specific circumstances before acting or refraining from action.

Names and trademarks of the entities discussed belong to their owners and are used for identification only. Their mention implies no endorsement, affiliation or allegation of wrongdoing. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. Corrections and updates: contact@ressos.com.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

© 2026 Dr Alexander Ressos. This article may be quoted with attribution to SingaporeIQ (SingaporeIQ.com). Reproduction in full and any commercial use require prior written consent. The Legal Terms at https://singaporeiq.com/legal-terms apply.

Author contact: Dr Alexander Ressos, TEP · contact@ressos.com

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.