The Banking Act and private banking

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The Act of 1970

The Banking Act has a longer history than its date suggests. A banking bill was first introduced in Parliament in 1962, although questions surrounding a new currency delayed the legislation. The Malayan Banking Ordinance applied in the meantime.[1] The Banking Act 1970 came into force on 1 January 1971, the same day on which MAS began to operate. MAS describes the Act as governing "the licensing and regulation of banks, merchant banks and related institutions", including their credit card and charge card business.[2]

The core of the Act is the licensing requirement in section 4. A banking business may be transacted in Singapore only by a company holding a valid bank licence granted by MAS. An individual who breaches this rule faces a fine of up to 125,000 dollars, imprisonment for up to three years or both. Any other offender faces a fine of up to 250,000 dollars. Both face further daily fines for a continuing offence.[3] The licence opens the door to deposit-taking from the public, which remains the activity that the Act protects most closely.

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Categories of licence

MAS distinguishes several categories of deposit-taking institution. Full banks may undertake universal banking, including deposit-taking, cheque services and lending. Foreign full banks with qualifying full bank privileges may operate up to 25 locations in Singapore. Wholesale banks may carry on the same range of banking business as full banks, except Singapore dollar retail banking.[4] Merchant banks are licensed under the Banking Act, with their permitted activities set out in section 55V. Finance companies fall under a separate statute, the Finance Companies Act.

The banking population is large for a city of Singapore's size. As at 17 March 2026, the Association of Banks in Singapore counted among its members three local banks, 21 foreign full banks, ten qualifying full banks, 93 wholesale banks and four digital banks. Twenty merchant banks were affiliate members.[5] These figures reflect the membership of the association and may differ slightly from the register of licences kept by MAS. They nonetheless show the weight of wholesale banking, which accounts for the majority of the foreign banks present. Most of the private banking groups examined in Part E operate through wholesale bank or full bank licences.

The 2020 reform: one regime for banks and merchant banks

For half a century the Banking Act carried a structural feature that went back to the Asian Dollar Market of 1968, described in Chapter C.IV. Banks kept a Domestic Banking Unit for Singapore dollar business and an Asian Currency Unit for offshore business in foreign currencies. In January 2020, at the second reading of the Banking (Amendment) Bill, the Government explained that this divide was no longer needed, since post-crisis international rules had strengthened all banks and MAS applied liquidity requirements on an all-currency and Singapore dollar basis.[6] The same bill moved the merchant banks, previously approved under the MAS Act and regulated under the Banking Act only for their Asian Currency Unit activities, into a new Part VIIB of the Banking Act.

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The amendments took effect on 1 July 2021. Besides removing the divide and consolidating the regulation of merchant banks, they introduced a new section 47A, which allows MAS to impose requirements on banks' outsourcing arrangements, such as audit rights and the protection of customer data. They also added new grounds for revoking a bank licence, including breaches of the MAS Act and the public interest.[7]

Banking secrecy under section 47

Section 47 is the provision that made Singapore known as a place of banking confidentiality. It provides that customer information "must not, in any way, be disclosed by a bank in Singapore or any of its officers to any other person except as expressly provided in this Act". Disclosure is permitted for the purposes, to the persons and under the conditions listed in the Third Schedule. An individual who breaches the provision faces a fine of up to 125,000 dollars, imprisonment for up to three years or both, while any other offender faces a fine of up to 250,000 dollars.[8] The courts have treated the Third Schedule as comprehensive, so that a bank may disclose customer information only through one of the gateways it lists.[9]

In 2002 the Government described the rationale in plain terms. Tight banking secrecy, a minister told Parliament, was "important to maintaining the confidence of customers in our banking system".[10] The gateways of the Third Schedule have since been widened to allow exchange of information with foreign tax authorities, automatic reporting and cooperation in criminal matters. Chapter E.II traces that transformation. The point to retain here is that section 47 still protects customer information against private third parties, so that a creditor or a disappointed heir cannot obtain account information from a Singapore bank without a court order or another statutory gateway.

Where private banking sits

Singapore law knows no private banking licence. A private bank in Singapore is a bank or merchant bank licensed under the Banking Act, usually the branch of a foreign group, that offers wealth management services to wealthy clients. Its

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advisory activities fall under the Financial Advisers Act, which exempts licensed banks and merchant banks from the requirement to hold a separate financial adviser's licence, as the section on that Act explains below. Its dealing in securities and custody of client assets are governed by the Securities and Futures Act, under which banks are exempt persons. Its anti-money laundering duties follow from MAS Notice 626, examined in Chapter H.III. Private banking is therefore regulated as a combination of activities, each under its own statute.

The industry has added its own layer of standards. On 5 April 2011 the Private Banking Advisory Group, composed of industry representatives, launched a Code of Conduct for the private banking industry, which MAS welcomed. The code took effect on 1 September 2011 and required private banking professionals to pass the Client Advisor Competency Standards assessment, administered by the Institute of Banking and Finance, before providing any financial advice.[11] Drafted with the help of an audit firm and a law firm, the code set principles of market conduct covering ethics and professionalism, client relationship management and risk management.

Supervisory expectations for private banks have grown more specific since the money laundering case of 2023. In May 2026 MAS issued guidance on the onboarding of private banking clients. It asked institutions to "focus on corroborating material or higher-risk sources of wealth", so that verification effort is spent where the risk lies.[12] The guidance reflects a balance that runs through the whole system. MAS wants thorough checks on the origin of wealth, but it also wants Singapore to remain a place where legitimate clients can open an account within a reasonable time.

Common misconception

Foreign clients sometimes assume that a "private bank" in Singapore holds a special licence or enjoys a lighter regime than a retail bank. No such licence exists. Private banks are licensed banks or merchant banks under the Banking Act, act as exempt financial advisers under the Financial Advisers Act and are subject to the same anti-

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money laundering notices as every other bank. What differs is the treatment of their clients. Most private banking clients qualify as accredited investors, which allows the bank to offer products and use exemptions that are closed to retail customers.

Notes

1. Nelson Goh, "Banking Secrecy in Singapore and Its Impact on Pre-Action Asset Tracing", Centre for Banking & Finance Law, National University of Singapore, Working Paper CBFL-WP-NG03, 29 December 2016, p. 3 and nn. 12–14, citing *Singapore Parliamentary Debates*, 16 January 1962, vol. 15, and 2 September 1970, vol. 30, col. 202. ↩
2. Banking Act 1970, commencement 1 January 1971, as reproduced from Singapore Statutes Online by LawPlayer (lawplayer.com/sg/act/BA1970, accessed November 2026). Monetary Authority of Singapore, "Banking Act 1970" (mas.gov.sg/regulation/acts/banking-act, accessed November 2026). ↩
3. Banking Act 1970, s. 4(1)–(2), as reproduced from Singapore Statutes Online by LawPlayer (lawplayer.com/sg/act/BA1970/4, accessed November 2026): further fines of up to S$12,500 (individuals) and S$25,000 (others) for every day the offence continues after conviction. ↩
4. Monetary Authority of Singapore, "Types of Deposit-Taking Institutions" (mas.gov.sg, accessed November 2026), with references to ss. 30 and 55V of the Banking Act. ↩
5. Association of Banks in Singapore, "Membership" (abs.org.sg/about-us/membership, accessed November 2026), membership as at 17 March 2026: local banks 3, foreign full banks 21, qualifying full banks 10, wholesale banks 93, merchant banks (affiliates) 20, digital banks 4 (two digital full banks and two digital wholesale banks), representative offices 5, total 156. ↩
6. Ong Ye Kung, on behalf of Tharman Shanmugaratnam, Second Reading Speech on the Banking (Amendment) Bill 2019, 6 January 2020 (mas.gov.sg): the DBU–ACU divide dates from 1968, when the Asian Dollar Market began. ↩

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7. Allen & Gledhill, “Banking Act amended to rationalise banking regulation and enhance prudential oversight”, July 2021 (allenandgledhill.com): amendments effective 1 July 2021 under the Banking (Amendment) Act 2020, removal of the DBU–ACU divide, merchant banks under new Part VIIB, s. 47A on outsourcing and new grounds for revocation. ↩
8. Banking Act 1970, s. 47(1), (2) and (6), as reproduced by LawPlayer (lawplayer.com/sg/act/BA1970/47, accessed November 2026). ↩
9. *Susilawati v American Express Bank Ltd* [2009] 2 SLR(R) 737 (CA), as cited in Nelson Goh, “Banking Secrecy in Singapore and Its Impact on Pre-Action Asset Tracing”, CBFL Working Paper, 29 December 2016, p. 3. ↩
10. *Singapore Parliamentary Debates*, 16 May 2002, vol. 73, cols 1689–1690, as quoted in Nelson Goh, “Banking Secrecy in Singapore and Its Impact on Pre-Action Asset Tracing”, CBFL Working Paper, 29 December 2016, p. 3. ↩
11. Monetary Authority of Singapore, “MAS Welcomes Launch of Private Banking Code of Conduct”, media release, 5 April 2011. ↩
12. Paul Yuen, “The Singapore Story: Attracting Capital, Enabling Enterprise, Sustaining Trust”, keynote address, 28 October 2026 (mas.gov.sg), on MAS’s May 2026 guidance on private banking onboarding. ↩

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