

# Navigating MAS Payment Services Act Changes: 2023–2025



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Singapore has emerged as a global leader in payment services regulation, with the Monetary Authority of Singapore (MAS) pioneering a comprehensive and adaptive regulatory framework.

Over the past two years, Singapore has significantly strengthened its regulatory framework for payment services in response to the rapid growth of digital assets, cross-border payment models, and evolving financial crime risks.

MAS has implemented these changes through a phased approach, with major deadlines culminating in 2024 and 2025.

## May 2023 – PSA Amendment Consultation

MAS published a consultation paper seeking industry feedback on proposed regulations and notices to operationalise amendments to the Payment Services Act (PSA). The consultation focused on the following core areas:

- Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) requirements
- Digital Payment Token (DPT) service regulations
- Technical amendments to existing framework.

**Impact:** This marked the beginning of the overhaul of Singapore's payment services regulatory framework, signalling MAS's intent to strengthen oversight and align with international standards.

## July 2023 – DPT-Specific Consultation

MAS issued a second consultation paper specifically targeting amendments to the Payment Services Regulations 2019. This consultation focused on:

- Key segregation requirements for DPT services
- Custody requirements for digital assets
- User protection mechanisms for DPT customers.

**Impact:** This consultation laid the groundwork for the comprehensive DPT regulatory framework that was later implemented in 2024.

## April 2024 – Regulatory Publication

Following a detailed review of industry feedback, MAS published its responses to the consultation papers. The Payment Services (Amendment) Regulations 2024 were subsequently issued, with specific provisions designated to take effect in April 2024.

First phase of PSA Amendments were introduced:

- Expanded regulatory scope
  - Inclusion of previously unregulated payment services
  - Explicit coverage of DPT services under regulatory oversight
  - Enhanced definition of payment services activities
- New compliance obligations
  - Updated AML/CFT requirements aligned with FATF standards
  - Mandatory risk assessment and management framework
  - Enhanced due diligence procedures
- DPT Service Provider requirements
  - Segregation of customer funds and digital assets
  - Custody and safekeeping obligations
  - Risk disclosure requirements to customers
  - Enhanced governance and operational risk requirements.

MAS updated its FAQ to provide clearer explanations and enhanced guidance on:

- Application process for new licenses
- Eligibility criteria for different service categories
- Transition arrangements for existing operators
- Compliance timelines and implementation support.

**Impact:** The introduction of significant regulatory changes, representing the most substantial update since the original PSA implementation, affects payment services providers' operational procedures, compliance costs, and market entry specifications.

## July to August 2024 – Enhanced Licensing Guidelines

MAS announced a substantial update to the Guidelines on Licensing for Payment Service Providers, effective August 2024. Key changes included:

- New application requirements
  - Mandatory legal opinion from qualified law firm
  - Independent assessment by external auditors
  - Enhanced financial and operational due diligence
  - Structured application review process
- Heightened security for DPT services
  - Additional documentation requirements
  - Enhanced background checks for key personnel
  - Stricter capital adequacy requirements
  - Technology risk management assessments.

**Impact:** Provided clearer guidance to new entrants to the market. Existing licence holders were required to review and update their current policies, procedures and framework to ensure compliance with new mandates. Licence holders adding a new licence or activity under the PSA were required to complete all prerequisites and adequately prepare before submitting their applications to MAS.

## October 2024 – Operational Flexibility Arrangements

New rules took effect to enhance operational flexibility and strengthen regulatory clarity in key areas, including:

- Money transfer flexibility
  - Enhanced operational flexibility for businesses and sole proprietors
  - Streamlined cross-border payment processing
  - Reduced regulatory burden for specific transaction types
- Merchant acquirer inclusion
  - Explicit regulatory coverage for merchant acquiring services
  - Clarified compliance obligations for payment facilitators
  - Enhanced consumer protection measures.

**Impact:** Licence holders are required to review new timing obligations and revise their transaction monitoring rules accordingly.

## January 2025 – Data Reporting Compliance Deadline

Extended deadline for companies to comply with new data reporting regulations including:

- Enhanced transaction reporting standards
- Improved data quality and timeliness requirements
- Strengthened regulatory oversight capabilities.

**Impact:** Refined data reporting standards enable greater regulatory surveillance by the regulator.

## June 2025 – Digital Token Service Provider Framework Amendments

Significant regulatory change was introduced with the implementation of a comprehensive regulatory framework for Digital Token Service Providers (DTSPs) under the Financial Services and Markets Act 2022 (FSMA).

- Key requirements
  - Mandatory licensing for all DTSPs operating in or from Singapore
  - Immediate compliance required or cessation of operations
  - Covers Singapore-based providers serving overseas clients
- Licensing changes
  - Minimum capital adequacy requirements
  - Appointment of Singapore-based compliance officer
  - Annual independent audits
  - Stringent AML/CFT measures
  - Cyber security standards and technology risk management
  - Ongoing regulatory reporting obligations
- Subsidiary legislative framework introduced
  - FSM-N27: Prevention of Money Laundering and Terrorism Financing
  - FSM-N28: Reporting Suspicious Activities and Fraud Incidences.

**Impact:** The new framework imposes rigorous standards including capital adequacy, local compliance presence, AML/CFT measures, cyber security standards, and ongoing regulatory reporting—even for firms serving only overseas clients. Entities intending to apply for a licence must ensure they are thoroughly prepared to adhere to these heightened regulatory obligations.

## Practical Considerations

Firms seeking to be licensed under the Payment Services Act should budget for increased compliance costs including legal opinions and audits. It is important to prepare comprehensive documents for enhanced due diligence expected from the regulator. Firms should consider engaging third-party advisors for support and guidance to ensure readiness for the rigorous application process.

Existing licensed payment service providers must stay fully informed of recent regulatory updates and verify that both policies and operational practices align with MAS standards. Firms should also prepare for increased scrutiny from the regulators especially if past reporting has been inaccurate or delayed.

## How Can Waystone Help

Waystone offers a comprehensive suite of compliance solutions to support firms who are looking to be licensed under the [Payment Services Act](#). We assist with providing end-to-end licensing support, policy and procedure development, AML/CFT framework, compliance advisory, internal audit and gap analysis.

For already licensed firms, we provide essential ongoing compliance support. Our practical, sector-specific expertise helps firms meet MAS expectations efficiently while minimising regulatory risks.

If you have questions about any of the topics discussed in this article or would like to learn more about our [APAC Compliance Solutions](#), please contact your usual Waystone representative or reach out to us below.

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