

Enhanced schemes for Singapore's financial services industry

05 MAY 2020

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ARTICLE



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To support financial institutions (**FIs**) amidst the economic slump stemming from the COVID-19 outbreak, the Monetary Authority of Singapore (**MAS**) and the financial industry have launched two packages for FIs and FinTech firms.

The **First Industry Package** announced on 31 March 2020 had three main goals:

- to support workforce training and manpower costs
- to strengthen digitalisation and operational resilience
- to enhance FinTech firms' access to digital platforms and tools

This S\$125 million support package is funded by the Financial Sector Development Fund.

A. Training

Aimed at allowing firms to enhance employees' skills and capabilities during this COVID-19 period, MAS launched a S\$90 million training grant comprising the following components:

- (a) a new Training Allowance Grant which provides an hourly training allowance to individuals who complete courses accredited or recognised by the Institute of Banking and Finance (**IBF**). Participants may apply for the allowance upon completion of the relevant course.
- (b) a increased 90% fees subsidy for Singapore citizens and permanent residents who attend eligible IBF courses. To alleviate immediate cash flow concerns, this subsidy will be disbursed in advance of course completion. This marks an increase from earlier subsidies which ranged from 50 to 70%.
- (c) doubled salary support for FIs who hire eligible Singapore citizens, to incentivize FIs to hire fresh graduates or cross-sector converttees in talent development programs under the Finance Associate Management Scheme.

The training grants are available to FIs regulated by the MAS and FinTech firms certified by the Singapore FinTech Association (**SFA**). The Training Allowance Grant is also open to eligible Singapore citizens and permanent residents (e.g. self-employed).

B. Digitalisation and operational resilience

A new S\$35 million Digital Acceleration Grant aimed at helping FIs and FinTech firms adopt digital solutions to strengthen their operational resilience and enhance productivity by adopting digital tools and upgrading systems. This grant is available to smaller FIs and FinTech firms (which generally have fewer than 200 employees).

The Digital Acceleration Grant is part of the Financial Sector Technology and Innovation Scheme and comprises two tracks:

- (a) the Institution Project track promotes the adoption of digital solutions such as cloud services or digital customer onboarding. Here, MAS will co-fund 80% of qualifying expenses up to \$120,000 per entity.
- (b) the Industry Pilot track supports collaborations amongst FIs to customize digital solutions for implementation within their institutions. MAS

will also co-fund 80% of qualifying expenses up to S\$100,000 per participating FI per project.

C. Access to digital platforms

To support FinTech firms' access to business opportunities, MAS will provide all Singapore-based FinTech firms 6 months' free access to API Exchange (**APIX**), an online global marketplace and sandbox for collaboration and sales.

MAS is also working with the SFA to set up a new digital self-assessment framework against MAS' Outsourcing and Technology Risk Management Guidelines to be hosted on APIX. This self-assessment tool will allow FinTech firms to provide a first-level assurance to FIs about the quality of their solutions.

The **Second Industry Package** announced a month later on 30 April focuses on supporting individuals facing financial challenges during this period. These relief measures will be provided by FIs on an opt-in basis to provide temporary cashflow relief by:

- easing cashflow
- reducing debt
- ensuring access to basic banking services

A. Easing cashflow

Individuals can apply for a variety of deferments of certain loan repayment obligations:

- principal payments on their commercial and industrial property loans up to 31 December 2020, if they have been current with such payments as at 1 February 2020
- principal or principal and interest payments on mortgage equity withdrawal loans granted on or after 6 April 2020 up to 31 December 2020
- principal and interest payments on renovation or non- MOE student loans up to 31 December 2020
- payments on motor vehicle loans and hire-purchase agreements
- extending of loan tenures of existing debt consolidation plans by up to 5 years, to lower monthly instalment payments

B. Reducing debt

A relaxation of the total debt servicing ratio (**TDSR**) and mortgage servicing ratio (**MSR**) to facilitate refinancing or repricing of investment property loans, to lower interest costs and debt obligations during this period.

C. Ensuring access to basic banking services

A waiver, up to 31 December 2020, of:

- the fall-below service fees which kick-in when minimum average daily or monthly balances on retail bank accounts are not maintained
- bank fees incurred on failed GIRO deductions from retail bank accounts.

Observation

These package and measures rolled out by the MAS, the Association of Banks in Singapore and the Finance Houses Association of Singapore demonstrate the coordinated commitment of the financial services industry to strengthen FIs' operational resilience through workforce support and adopting of digitalisation, and to ease cash flow challenges faced by individuals and small businesses. Eligible FIs, FinTech firms and individuals should consider taking up these support schemes as they navigate the current economic challenges to emerge stronger post-COVID-19.

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