

MAS FINANCIAL SECTOR TECHNOLOGY AND INNOVATION (FSTI) – PROOF OF CONCEPT FUNDING SCHEME

A. Overview of the Financial Sector Technology and Innovation Scheme

The Financial Sector Technology and Innovation (“**FSTI**”) Scheme was first launched by the Monetary Authority of Singapore (“**MAS**”) to support innovation in Singapore, with an overall budget of S\$225 million over a five-year period. Under the FSTI Scheme, MAS aims to attract financial institutions to set up their innovation labs in Singapore and accelerate the development of innovation solution. In particular, non-financial institutions such as start-up and tech companies may apply for funding for industry-wide projects that support the building of industry-wide technology infrastructure under the FSTI Scheme.

B. The FSTI Proof of Concept Scheme

One form of assistance under the FSTI scheme is the FSTI Proof of Concept (“**POC**”) Scheme, which was launched in end-2016 to facilitate experimentation within the financial services sector and stimulate the development of new innovative technologies in the financial services.

Depending on the type of project, MAS provides funding support of up to 50% to 70% of qualifying costs, with a maximum funding of S\$200,000 for up to 18 months.

C. Supportable projects under the FSTI Proof of Concept Scheme

To qualify for the FSTI POC Scheme, companies must be either: (a) an MAS-licensed, regulated, supervised or registered financial institution; or (b) a technology or solution provider with at least 1 MAS-licensed, regulated, supervised or registered financial institution sponsoring the project.

Under the FSTI POC Scheme, funding support may apply to the following types of projects:-

- (i) *Investigative Projects*: Projects that aim to develop a novel solution using technology or business process to resolve industry-wide problems may receive up to 50% of qualifying costs for each project, up to a maximum funding of S\$200,000. On a case-by-case basis, up to 70% reimbursement may apply to some projects.

(ii) *Technical Equivalence Trial*: Trials that aim to provide a definitive answer to such regulatory uncertainty about the risks and benefits of replacing legacy processes with innovative ones may receive up to 50% of qualifying costs for each project, up to a maximum funding of S\$200,000.

Should there be more than one component within a project that fall within the qualifying criteria above, applicants may submit multiple proposals and each proposal will be treated as a separate project.

Further to the above, expenses such as manpower costs, professional services costs, equipment and software costs, costs of acquiring intellectual property rights and certain operating expenditures may be reimbursed under the FSTI POC Scheme.

In light of the above, FinTech companies may therefore apply to receive funding from MAS to support their early-stage development of innovative solutions in the financial sector, if their projects fall within the qualifying criteria of the FSTI POC Scheme.

Should you be interested in applying for funding under the MAS FSTI POC Scheme or have any queries as to how this update may affect your business, please do not hesitate to email us.



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This article is intended to highlight the salient issues relating to the MAS Financial Sector Technology and Innovation Proof of Concept Scheme that has been introduced in Singapore, and it is not intended to be comprehensive nor should it be construed as legal advice. This article is updated as at 4 May 2018.