

Monetary Authority of Singapore

GUIDELINES ON DEFINITION OF A "DEPOSIT"

Guidelines on definition of a "Deposit" ("these Guidelines")

These Guidelines set out the factors that the Authority would consider in determining whether a product satisfies the definition of a "deposit" under sections 4B(4), 55Q and 62A(2) of the Banking Act (Cap. 19) (the "Act"). The factors would similarly apply in determining whether liabilities in respect of a product qualify as "deposit liabilities" in relation to a bank under section 62(3) and (4), or "deposit liabilities" in relation to a merchant bank under section 62(3) and (4) as applied by section 62B(5) of the Act. Additional indicative guidance on tokenisation of bank deposits is provided in the Guide on the Tokenisation of Bank Deposits.

[Amended on 18 November 2026]

[Amended on 1 July 2021]

Definitions

2 [Deleted on 1 July 2021]

3 The expressions used in these Guidelines shall, except where expressly defined in these Guidelines or where the context otherwise requires, have the same respective meanings as in the Act.

[Amended on 1 July 2021]

4 Section 4B(4) of the Act defines a "deposit" to include a sum of money paid on terms –

a. under which it will be repaid, with or without interest or a premium, or with any consideration in money or money's worth, either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and the person receiving it; and

b. which are not referable to the provision of property or services or to the giving of security.

[Amended on 1 July 2021]

Similarly in section 62(3) and (4), and section 62(3) and (4) as applied by section 62B(5) of the Act, the definition of "deposit liabilities" in relation to a bank and merchant bank, respectively, makes reference to certain sums of money paid to the bank or merchant bank (as the case may be). The description of these sums of money is similar to that of a "deposit" under section 4B(4).

[Amended on 1 July 2021]

Characteristics of a "deposit"

5 In determining whether a product is a "deposit", the Authority would consider whether:

(i) the principal amount invested in a product is repaid in full i.e. the person issuing the product ("the issuer") is under an obligation to return to the investor the full value of the principal at maturity;

[Amended on 2 December 2005]

(ii) the repayment of the principal amount is in cash. Payment of the interest portion may either be in cash or any other asset class. However, a product would not be considered a "deposit" where the repayment of the principal amount is in any other asset class, such as shares or bonds;

(iii) the product is repaid in full if held to maturity. In this regard, the Authority recognises that a product may still be considered a "deposit" despite the fact that an early withdrawal by the investor may result in the investor recovering a sum that is less than the full principal value. However, where a product is terminated early by the issuer due to the exercise of any rights of the issuer under any agreement with the

investor, or any other circumstances within the issuer's control, the product would not be considered a deposit unless the investor recovers, at the minimum, the full value of the principal.

6 The factors set out in paragraph 4 would similarly apply in determining whether liabilities in respect of a product qualifies as "deposit liabilities" in relation to a bank under section 62(3) and (4), or "deposit liabilities" in relation to a merchant bank under section 62(3) and (4) as applied by section 62B(5) of the Act .

[Amended on 1 July 2021]

Products which are not "deposits"

7 Every bank in Singapore should take note that a product that does not satisfy the characteristics of a deposit as set out in paragraph 4 above:

a. should not be represented or referred to as such in any offer, invitation or advertisement issued in relation to the product;

b. [Deleted on 1 July 2021]

c. may be a capital markets product as defined under section 2(1) of the Securities and Futures Act (Cap.289) ("SFA") and hence a bank may be subject to all the relevant provisions under the SFA relating to capital markets products including prospectus requirements under Part XIII;

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d. may be an investment product as defined under section 2(1) of the Financial Advisers Act (Cap. 110) ("FAA") and hence may be subject to all the relevant provisions under the FAA relating to investment products.

[Amended on 1 July 2021]

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