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**MEDIA RELEASE**

**MAS Commits S\$250 Million to Accelerate Innovation and Technology Adoption in Financial Sector**

Singapore, 13 August 2020... The Monetary Authority of Singapore (MAS) today announced that it will commit S\$250 million over the next three years under the enhanced Financial Sector Technology and Innovation Scheme (FSTI 2.0) to accelerate technology and innovation-driven growth in the financial sector. FSTI 2.0 also aims to strengthen support for large-scale innovation projects, and build a stronger pipeline of Singaporean talents in FinTech.

2 The launch of FSTI 2.0 was announced by Mr Ravi Menon, Managing Director, MAS, at the “Singapore FinTech Festival: Green Shoots Series”.<sup>1</sup> FSTI 2.0 will introduce several enhancements to support innovation in the financial sector.

*Enhancing support for early stage experimentation of technology*

3 MAS will **double the maximum funding quantum, from S\$200,000 to S\$400,000, under the Proof-of-Concept (POC) Grant**, and will increase the maximum funding support from 50% to 70% of qualifying project cost. The higher funding support will enable financial institutions and FinTech firms to undertake larger-scale POC projects to experiment, develop and deploy innovative solutions, empowered by emerging technologies.

4 A **merit-based tiered funding mechanism will be introduced to replace the existing flat 50% funding support of qualifying project cost**. A higher level of funding will be allocated to POC projects which demonstrate stronger merits. The level of funding support and quantum cap for each applicant will vary according to the total number of favourable votes awarded by an evaluation panel.<sup>2</sup>

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<sup>1</sup> The Singapore FinTech Festival: Green Shoots Series are virtual meet-ups for the FinTech community to share practical advice on topics from bolstering cash flows to ensuring cyber security in times of increased remote work arrangements. Visit <http://fintechfestival.sg/greenshootseries> to view upcoming and past sessions.

<sup>2</sup> Each qualifying POC application will be assessed by an external panel of practitioners for i) the strength of its concept, ii) the innovative use of technology, iii) the ability to successfully execute the project, iv) and benefits to the industry. MAS will take into account the recommendations and comments from the evaluation panel, and assess if the POC grant would be awarded to the applicant. Based on the number of favourable votes awarded by the evaluation panel, the level of funding support for each applicant will vary between 50% to 70% of the qualifying project cost, while the quantum cap will range from S\$200,000 to S\$400,000.

Strengthening the adoption of Artificial Intelligence (AI) within the financial industry

5 MAS will **raise the maximum funding quantum for all qualifying AI projects under the Artificial Intelligence and Data Analytics (AIDA) Grant<sup>3</sup> from S\$1 million to S\$1.5 million**, to provide greater impetus for financial institutions to implement ground-breaking and innovative AI solutions.

6 In addition, **MAS will introduce a new AIDA-Lite track, providing half the funding quantum of the AIDA track**. With AIDA-Lite, financial institutions will be able to obtain funding support to adopt proven AI solutions to enhance their operations.

Building a stronger talent pipeline of Singaporeans for FinTech

7 **MAS will co-fund existing innovation labs for new Singaporean hires** to encourage the expansion of existing labs and groom Singaporean talent.

8 Furthermore, **all new projects under the Financial Institution-Level Projects, Industry-Wide Projects and AIDA Tracks will now qualify for funding support for capability transfer-related training costs**. Such training costs include expenses incurred to engage specialists to train the local talent pool, and expenses incurred to send local employees for overseas trainings. These training programmes will help to support workforce transformation in the financial sector and to accelerate skills and knowledge transfer to Singaporean talents.

9 Funded by the Financial Sector Development Fund,<sup>4</sup> FSTI 2.0 aims to invigorate the culture of innovation in Singapore, catalyse the implementation of innovative solutions, and deepen the cybersecurity capabilities in the financial sector. Please refer to the Annex for more details about FSTI.

10 Please refer to the [MAS website](#) for more information about FSTI 2.0.

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<sup>3</sup> The AIDA Grant consists of 2 tracks: (i) the Financial Institution Track to promote the adoption and integration of AI and DA technology in financial institutions, and (ii) the Research Track to support Research Institutes in generating applied research in AI and DA for the Singapore financial sector. The AIDA-Research Track will be discontinued to avoid duplication of funding support for academic research projects by other government agencies (e.g. the National Research Fund).

<sup>4</sup> The Financial Sector Development Fund (FSDF) is established under the MAS Act to promote Singapore as a financial centre. The FSDF provides funding to support: skills development and upgrading; research and development programmes; and industry projects and infrastructure, for the Singapore financial services sector.

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**About FSTI**

The Financial Sector Technology and Innovation Scheme (FSTI) was introduced by MAS in June 2015 to support the creation of a vibrant ecosystem for innovation in the financial sector. \$225 million was committed under the FSTI for five years, from 2015 to 2020.

Since 2015 when the original FSTI scheme was launched, over 200 financial institutions and FinTech firms have tapped the scheme to embark on innovation projects for the financial sector. FSTI had played a critical role to catalyse the growth of the nascent FinTech industry in Singapore. Today, Singapore has a vibrant and thriving FinTech ecosystem, with over 1000 FinTech firms as well as more than 40 innovation labs working in close collaboration with the financial industry. FinTech equity funding in Singapore has also soared to a record S\$1.2 billion in 2019.<sup>5</sup> In addition, S\$462 million was raised in the first half of 2020 despite the challenging economic environment brought about by the COVID-19 crisis.<sup>6</sup>

The Innovation Labs have embarked on close to 500 innovation projects. Some examples include:

- (i) DBS' Project JIM, which is Southeast Asia's first virtual bank recruiter. It stands for "Jobs Intelligence Maestro", and is an AI chatbot that is trained to review resumes, collect applicants' responses for pre-screening questions, and conduct psychometric profiling assessments on candidates. With DBS JIM, recruiters now take about eight minutes to assess a candidate, as compared to the traditional process which takes 30 minutes. One third of the candidates who passed JIM's vetting went on to get jobs with DBS, as compared with only one-seventh under the previous system which relied solely on human recruiters. The project had been successfully deployed in DBS' core markets - Singapore, Hong Kong and India.
  
- (ii) BNP Paribas's digital advisory platform, BeAdvised, which provides tailor-made recommendations to the wealth management clients in accordance to their portfolio preferences, including environmental, social and governance considerations for sustainable investing. It comes with a conversational-like interface, which reshapes wealth management in the digital age, and augment the way clients and relationship managers interact in the future. The focus on ESG further reflects an understanding of the investors' need for long term sustainable investment performance, where there is proper appreciation of the environmental sustainability issues, responsible business conduct, and inclusive growth.

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<sup>5</sup> "FinTech Fundraising Grew Strongly in Most Major Markets in 2019, Accenture Analysis Finds". Accenture, 20 February 2020. <https://newsroom.accenture.com/news/fintech-fundraising-grew-strongly-in-most-major-markets-in-2019-accenture-analysis-finds.htm>

<sup>6</sup> "Singapore FinTechs Experienced a Flurry of Fundraising, Recording Over Half a Billion Dollars (S\$650m) in M&A and Equity Funding in the First Half of 2020". Boston Consulting Group, 19 June 2020. [www.bcg.com/en-sea/press/19june2020-singapore-fintechs-experienced-flurry-of-fundraising](http://www.bcg.com/en-sea/press/19june2020-singapore-fintechs-experienced-flurry-of-fundraising)

(iii) IAG Firemark labs' Neptune Ocean, which aims to harness the power of Computer Vision to assist lifeguards for early detection of distressed swimmers in the sea. This will increase vital response time to swimmers at risk, reduce drowning deaths, and make the world a safer place. Neptune Ocean has conducted multiple iterations in Singapore, and has received strong support from a leading Australian Lifesavers' Association to commence their pilot trial in Australia over the upcoming summer months.

Over the next three years, FSTI 2.0 can be used for the following purposes:

- (i) Innovation Labs: to nurture a culture of innovation in the financial services sector by attracting financial institutions to set up research and development and innovation labs in Singapore.
- (ii) Financial institution-Level Projects: to catalyse innovative solutions by financial institutions to advance the competitiveness of Singapore's financial sector.
- (iii) Industry-wide Projects: to aid the development of industry-wide technological infrastructure, and improve the financial sector's efficiency and productivity.
- (iv) Proof-of-Concept (POC) Grant: to promote greater experimentation in the financial sector and accelerate the development of nascent innovative technologies, by supporting early stage development of novel solutions.
- (v) Artificial Intelligence and Data Analytics (AIDA) Grant: to promote the adoption and integration of AI and data analytics in financial institutions.
- (vi) Cybersecurity Capabilities Grant: to strengthen the cyber resilience of the financial sector in Singapore and help financial institutions develop local talent in cybersecurity.
- (vii) Digital Acceleration Grant (DAG)<sup>7</sup>: to support smaller financial institutions and FinTech firms in adopting digital solutions to improve productivity, strengthen operational resilience, manage risks better, and serve customers better.

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<sup>7</sup> DAG is a new track under FSTI 2.0 and was announced on 8 April 2020 as part of the S\$125 million package for FIs and FinTech firms to strengthen long-term capabilities.