

MAS issues final AI risk management guidelines for Singapore's financial institutions

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Media Releases

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MAS Sets Out Supervisory Expectations on Responsible AI Adoption by Financial Institutions

Singapore, 7 October 2026... The Monetary Authority of Singapore (MAS) today issued a set of Guidelines on Artificial Intelligence (AI) Risk Management ("Guidelines") to support responsible AI adoption in Singapore's financial sector. The Guidelines set out clear supervisory expectations for financial institutions (FIs) to manage risks arising from AI use, while allowing them to tailor their approaches according to their risk profiles, including the scale and nature of their AI use.

2. AI technologies are developing rapidly, and being adopted in financial services with increasing scale and sophistication. This includes AI models and systems with greater autonomy in generating outputs, decision making, or execution. Financial regulators and international bodies are correspondingly highlighting the need to manage AI risks effectively while enabling firms to realise the benefits of adoption. Following MAS' consultation on the Guidelines in November 2025, the Financial Stability Board The Financial Stability Board is an international body that monitors and makes recommendations about the global financial system. The Financial Stability Board's mandate is to promote international financial stability by coordinating national financial authorities and international standard-setting bodies as they develop strong regulatory, supervisory and other financial sector policies has also consulted on sound practices for FIs' responsible adoption of AI.

3. FIs are expected to manage AI risks at both the enterprise and individual use case levels, and build the capabilities needed for responsible AI use as adoption grows. MAS' Guidelines provide a comprehensive framework for AI risk management across the financial sector. They apply to all FIs and all forms of AI technologies, while allowing each FI to assess how best to meet MAS' supervisory expectations based on the nature and scale of its AI use, and the associated risk materiality.

4. Respondents to the November 2025 public consultation had expressed strong support for the principles-based and risk-proportionate approach. They also sought clarity on whether FIs could use existing governance structures, how they should manage risks from embedded AI, and when basic AI governance policies and procedures would be sufficient. MAS has retained the key expectations in the consulted Guidelines and refined them to address this feedback. The key expectations are for FIs to:

Strengthen oversight of AI risks with clear accountabilities. FIs should ensure that their board and senior management provide effective oversight of AI risks, including by setting clear roles and responsibilities, risk appetite, and risk management frameworks, policies and procedures. Existing governance structures may be used where they provide adequate oversight and cross-functional coordination, and FIs need not establish a dedicated AI committee solely to meet this expectation.

Identify, assess and manage AI risks across the AI life cycle. FIs should identify their AI use, maintain inventories at an appropriate level of granularity, assess the risk materiality of AI use cases, and apply proportionate controls across the AI life cycle. These include data governance, testing, human oversight, cybersecurity, monitoring and

change management. FIs should review these controls regularly as their AI use expands and the technologies evolve, such as the greater use of agentic AI systems that can operate autonomously and access tools. In 2027, MAS intends to further consult the financial sector on what additional guidance on agentic AI would be useful.

Manage the risks from third-party AI use . FIs remain accountable for AI used in the services they deliver, including AI developed, operated or provided by third parties. FIs should obtain sufficient assurance from third-party providers, assess whether third-party AI is suitable for their intended use, and apply compensating controls where practical constraints or assurance gaps arise. If the risks cannot be brought within the FI's risk appetite, it should consider limiting, suspending or replacing the use of the third-party AI service.

Apply the Guidelines in a risk-proportionate manner. FIs may put in place basic policies and procedures to govern their AI use, if poor performance or unavailability of their AI services or tools is unlikely to have a material impact on the FI, its customers or other stakeholders, including other FIs. The extent and sophistication of the controls should depend on FIs' risk exposure.

5. The Guidelines will take effect on 07 October 2027. FIs may implement the Guidelines in phases: they should meet the expectations set out in Sections 3 to 4 from 07 October 2027, and Sections 5 and 6 by 07 October 2028.

6. Ms Ho Hern Shin, Deputy Managing Director, said, "AI has significant potential to improve financial services, from enhancing customer outcomes and strengthening risk management to improving productivity and enabling new products and services. Realising these benefits sustainably requires financial institutions to understand and manage the risks that come with increasingly capable AI systems. With greater regulatory clarity on financial institutions' AI usage, FIs can innovate with confidence, while maintaining the trust of customers and the resilience of Singapore's financial system. MAS will continue to work with the industry to advance sound AI risk management practices in a practical and industry-grounded manner."

7. For further details, please refer to the Guidelines and the accompanying response to feedback paper on MAS' website: [[Link](#)]
