



## Frequently Asked Questions (FAQs)

### 1. General Questions

#### 1.1. What is the Pacific Regional Regulatory Sandbox?

The Pacific Regional Regulatory Sandbox (“sandbox”) is a collaborative and controlled virtual policy environment that enables firms to test their innovative financial products, services and business models under the governance and supervision of eight participating financial sector regulators.

The Sandbox facilitates interactions between regulators and innovators as they assess the usefulness, viability and safety of and potential to support financial inclusion and encourage appropriate regulatory environments for innovation, business models and digital financial services.

The Sandbox is delivered through Pacific Regulatory and Innovation Sandbox Portal, a multi-tenant platform housed under the [Pacific Islands Regional Initiative](#) (PIRI).

More information can be found in the [Pacific Regional Regulatory Sandbox Guidelines](#).

#### 1.2. What is Pacific Regulatory and Innovation Sandbox Portal?

**Sandbox Portal** is an integrated multi-tenant platform designed to coordinate, operate, and deliver a seamless, user-friendly and collaborative experience to firms interested in applying for the sandbox.

Portal caters to an applicant’s entire journey, starting with receiving enquiries and expressions of interests to supporting the application process, eliminating unnecessary complexities, and facilitating effective communication in multiple jurisdictions.

#### 1.3. Why should I apply?

It gives applications the opportunity to contribute to creation and acceleration of an appropriate and balanced inclusive digital economy that supports the modernization and integrity of payment and financial systems while also encouraging innovation and competition and promote financial stability and security. Through the testing of genuine innovation from applicants across the globe, we intend to catalyze financial inclusion for all population groups including youth, women, older people, rural communities, forcibly displaced, micro, small and medium enterprises (MSMEs) and other vulnerable and disproportionately excluded due climate change events and other barriers.

We encourage applications from individuals and companies that are keen and passionate about driving financial inclusion through innovative digital financial services (DFS) that:

- Create relevant and responsible DFS specifically addressing the needs of the Pacific region and Seychelles.
- Expand the availability and meaningful access to DFS.
- Can benefit from guidance and advice from regulators.
- Reduce time-to-market and costs across the DFS ecosystem.

- Enhance the knowledge of regulators on benefits and risks associated with innovations.
- Provide valuable insight for regulators to evolve effective and proportionate regulation.
- Offer potential to scale and reach multiple markets rapidly.

#### **1.4. Which financial regulators are participating?**

Financial regulators in Fiji, Papua New Guinea, Samoa, Seychelles, Solomon Islands, Timor-Leste, Tonga and Vanuatu.

#### **1.5. Which key priorities do we seek solutions for?**

Financial products, services, and innovations - without prejudice to technology - expected to be tested in the sandbox must show great potential to address these big challenges:

- I. Digital payments.
- II. Innovative financial health, planning and wellbeing products and services, including micro-savings, digital credit, bespoke wealth and investment products.
- III. Supports for MSMEs and gig workers.
- IV. Innovative cross-border payments and remittances.
- V. Digital identity and remote Know-Your-Customer (KYC) solutions.
- VI. Regulatory and supervisory technology (Regtech and SupTech) solutions.
- VII. Financial and digital literacy solutions.
- VIII. Inclusive green finance solutions, such as micro-insurance and financial solution for renewable energy.

#### **1.6. What are the stages of the Pacific Regional Regulatory Sandbox?**

##### ***Stage 1: Application***

Applicant submits their application.

For more information, please see section 3 of the FAQ.

##### ***Stage 2: Preliminary assessment***

Regulators check the eligibility of the applicant and their application.

For more information, please see section 4 of the FAQ.

##### ***Stage 3: Preparation***

A thorough assessment of the application is conducted, including on approval for testing. Terms and conditions governing the testing will be decided at this stage, including any parameters and limitations.

For more information, please see section 5 of the FAQ.

##### ***Stage 4: Testing***

Successful applicants are granted official approval to test their financial product, service or innovation in a live environment with actual customers, as determined by each participating financial regulator.

For more information, please see section 6 of the FAQ.

## ***Stage 5: Exit/transition***

Participating financial regulators evaluate the results of the testing stage for possible commercially deployment outside the testing environment and any proportionate regulatory and policy requirements that must be met.

## ***Stage 6: Commercial deployment***

Commercial deployment outside the testing environment as determined, communicated, and permitted by each participating financial regulator.

### **1.7. How much does it cost to apply?**

There is no fee to apply or participate in the sandbox.

Relevant fees in accordance with the mandate and requirements of financial regulators will be determined and communicated by each jurisdiction and applied at the commercial deployment stage. If an applicant needs to obtain a license or authorization for full-scale deployment, other fees might apply in accordance with local regulations.

## **2. Eligibility**

### **2.1. Who can apply?**

The sandbox welcomes applications from for-profit and non-profit companies, regulated or unregulated, incorporated and/or operating in and outside the Pacific region and Seychelles.

There is no requirement to be regulated, licensed, or authorized to apply to the sandbox, however, innovations satisfying these broad categories are encouraged to apply:

- New digital business models not currently covered explicitly or implicitly under any regulation in the jurisdiction being considered.
- New and immature digital financial service technology.
- Innovative digital financial services products or services that have the potential to address a persistent financial inclusion challenge.

Participating jurisdictions will assess and determine the eligibility of applicants by conducting “fit-and-proper tests”, which will also be used to inform decisions when incorporation in the local market is required.

Please refer to the [Pacific Regional Regulatory Sandbox Guidelines](#) for more information on the eligibility of applicants.

Applicants based in the Pacific region and Seychelles are strongly encouraged to apply.

### **2.2. What is a “fit-and-proper test”?**

A “fit-and-proper test” allows regulators to assess the honesty and integrity of a company and its key personnel. Applicants will be assessed on the ongoing conduct of their business and history of compliance with all applicable laws, regulation and codes.

Regulators will use their own internal procedures to conduct a “fit-and-proper test”.

False or misleading information provided at any stage of the regulatory sandbox lifecycle will result in the termination of the application and testing.

### **2.3. What types of financial products, services and innovations can be tested?**

Applications are open to financial products, services and innovation targeting consumers, particularly vulnerable and disproportionately excluded segments, including youth, women, older people, rural population, forcibly displaced, MSMEs, industries and economic sectors impacted adversely by climate change and financial or other institutions, such as those involved in the provision of digital identities and remote KYC solutions.

Applicants must be able to demonstrate that their product or service will make a meaningful contribution to the following financial inclusion policy objectives:

- Create relevant and responsible digital financial services that specifically address the needs and challenges of the Pacific region and Seychelles.
- Expand the availability and meaningful access to digital financial services.
- Lead to the fairer treatment of consumers and respect for their rights, data, privacy and financial wellbeing.
- Increase financial inclusion among vulnerable groups, including low-income women, rural populations, older persons, and forcibly displaced persons.
- Benefit and deliver value across industries, such as agriculture, tourism, fisheries, informal businesses, cross-border commerce and trade.
- Other objectives related to supporting financial inclusion in the Pacific region and Seychelles.

Please, refer to section 3.4 of the [Pacific Regional Regulatory Sandbox Guidelines](#) for more information on the products or services that are encouraged to be submitted to the sandbox.

### **2.4. What products and services cannot be tested?**

Financial products, services or innovations that cannot be tested in the sandbox include those that may be detrimental to consumers, undermine financial and social stability or present risks that are significant and do not present a path to be efficiently mitigated.

Innovations, products, services, or propositions that use, promote, distribute, exchange, issue, trade or provide cryptocurrencies in any form are not eligible to participate in the sandbox.

Applications involving blockchain, cryptography or innovative ledger technologies or models in other digital financial services are, however, eligible to apply to the sandbox.

### **2.5. Can two or more companies apply together?**

Applicants can submit joint proposals. All co-applicants must fulfill the eligibility criteria to apply to the sandbox.

### **2.6. Can I apply with just a concept or idea of a new product or service?**

Applicants must be able to prove that their proposed financial product, service, or innovation meets the minimum requirements for a viable product and that they have the necessary resources to deploy it.

Participating financial regulators will not review any products or services that are not market ready.

## 3. Application

### 3.1. How can I apply?

Applications must be submitted via the Portal, which is accessible here: [www.pirisandbox.org](http://www.pirisandbox.org).

Click 'Apply Now' and follow the instructions.

### 3.2. Can I submit hard copies or paper documents?

No. All applications must be made in electronic form.

### 3.3. Can I submit documentation in any language other than English?

All applications and supporting documentation must be provided in English. If you want to submit documentation that is not in English, please also include its notarized English translation.

### 3.4. What documents do I need to submit?

While documentation required for submission varies on a case-by-case basis, most will fall into the following categories:

- Information proving the eligibility of the applicant.
- Information proving the eligibility of the proposed financial product, service or innovation.
- Information on how the product or service will be tested, including under what conditions and to what purpose.

This list is not exhaustive. Applicants may submit any documentation that they feel is relevant.

Applications are particularly encouraged to submit information so that regulators can make informed decisions at the preliminary assessment stage, especially relating to any risks, risk mitigators and success criteria.

Regulators may request additional information if an application is deemed incomplete or insufficient. Failure to submit the required information may result in a disqualified application.

More information can be found in Annex A of the [Pacific Regional Regulatory Sandbox Guidelines](#).

### 3.5. Can I still apply if I want to test my product or service in just one or a few PIRI jurisdictions?

The Portal allows applicants to choose in which jurisdiction(s) they wish to test their financial product, service or innovation. During the application process, applicants can choose one, some or all participating jurisdictions.

All applications submitted via the Portal are received directly, independently and in real-time by each central bank as informed by your choice.

### 3.6. Can I make changes to my application after it's been submitted?

Submitted applications are automatically forwarded to the respective regulators for review, making it impossible for any changes to be made to documents or information submitted in the application.

Applicants wanting to submit any new documents can do so through the ‘submit additional documents’ tab under the option to manage an existing application and state the reason for the change. Please note that this may increase the time needed to review an application.

### **3.7. Is there a deadline for applications?**

Currently, applications can be made at any time to any country or countries of interest.

Any deadline changes made by participating regulators will be announced on the sandbox website.

### **3.8. What if I need help with my application?**

Inquiries or clarification on any aspect of the application process can be made by using the “remarks” function available on Portal or by emailing [enquiry@pirisandbox.org](mailto:enquiry@pirisandbox.org). Please ensure that the subject title and question(s) are stated clearly and concisely.

## **4. Application Assessment**

### **4.1. How long will the preliminary assessment take?**

Applicants can expect to receive the results of a preliminary assessment 30-45 working days after successfully submitting their application.

### **4.2. What happens after the preliminary assessment?**

Applications that successfully meet all eligibility and “fit-and-proper” criteria will receive an independent detailed response from each financial regulator representing jurisdictions of your choice. The response will outline relevant terms and conditions, as determined by each participating country.

Regulators may also ask applicants to submit additional information or supporting documentation.

## **5. Preparation**

### **5.1. What is the preparation stage?**

Regulatory authorities will provide guidance on relevant parameters, boundary conditions and safeguards for a potential live testing of the proposed financial product, service or innovation, depending on specific legal and regulatory requirements.

### **5.2. How long is the preparation stage?**

The preparation stage should not exceed 60 calendar days, however, this may vary on a case-by-case basis depending on the need for in-depth analysis or preparation of testing parameters.

After the main testing parameters are agreed, it may take 30-45 working days before official approval is communicated and a notice of admission can be given to start the testing.

### **5.3. What kind of regulatory relief could I receive during the testing stage?**

The scope of regulatory flexibilities will be decided on a case-by-case basis and will depend on local regulatory requirements, the nature of the financial product or service and any associated risks.

Examples of regulatory reliefs can be found in Annex B of the [Pacific Regional Regulatory Sandbox Guidelines](#).

#### **5.4. What regulations will not be relaxed during the testing stage?**

Regulations that will not be relaxed during the testing stage include those that could lead to or exacerbate risks to the customers and the financial systems. These include:

- Confidentiality of customer information.
- Handling of customers' money and assets, including through intermediaries, and appropriate customer redress and compensation mechanisms.
- "Fit and proper" criteria, particularly for honesty and integrity.
- Specific provisions related to anti-money laundering and combating the financing of terrorism.

#### **5.5. What kind of restrictions might be applied during the testing?**

The scope of restrictions will be established on a case-by-case basis. In general, restrictions aim to minimize the risks associated with testing a new financial product, service or innovation.

Restrictions may relate to the number of clients, financial exposure, number of transactions per month and others, and will be determined independently by each central bank.

## **6. Testing**

#### **6.1. How long is the testing stage?**

Testing typically lasts 12-18 months, however, applicants may request an extension for a specified duration, subject to approval by each regulator.

#### **6.2. How is testing controlled?**

The sandbox acts as a test and learn intervention under the supervision of participating regulators.

To support the oversight function necessary for participating regulators, applicants will be requested to submit periodic reports, including but not limited to, data on financial products or service uptake and usage, customer complaints and redress actions applied, technical or operational problems, incidents of fraud, other issues faced, and data as specified and requested by each participating regulator during the testing stage.

Regulators may request limited access to an applicant's information systems.

#### **6.3. Do I need to inform customers that my product or service is being tested?**

Yes. Transparency is a key principle of the sandbox. Applicants must notify and communicate in clear, easy to understand language to all customers that the service or product is operating in a sandbox environment and disclose all associated risks.

Acknowledgement that customers understand the risks must be obtained. The form of acknowledgment will be decided on a case-by-case basis.

#### **6.4. How is the success of testing measured?**

Before testing begins, regulators and applicants will define the key performance indicators that will be used to assess the success of the stage. Regulators reserve the right to update, revise and introduce new measures they deem necessary during the testing process.

### **6.5. Can I change the conditions after testing has started?**

Any changes to financial products, services, business models or delivery channels during the testing stage must be communicated in a formal request to the regulator via the Portal. Approval will be as determined by each participating regulator and may take up to 90 days to process.

### **6.6. Testing is done. What next?**

Regulators will review the results of the testing stage and decide on whether an applicant can continue to commercial deployment, subject to enabling and required regulatory and policy conditions.

Regulators will assess key performance indicators, risk mitigation and other factors, and notify the applicant of their decision with guidance on likely licensing or authorization procedures.

Process, actions and recommendations after testing are subject to local regulations and will differ across jurisdictions.

## **7. Other Questions**

### **7.1. Is commercially sensitive data protected during the sandbox process?**

Information shared by applicants will be used as required by regulatory and sandbox authorities. Sandbox and regulators will not bear responsibility for losses related to confidentiality and non-disclosure.

Confidential information will be marked as such and caution exercised when handling this information.

Non-confidential information will be disclosed on the sandbox portal, including the applicant's name, as well as the start and end dates of the testing stage.

### **7.2. Can regulators end the testing stage early?**

In exceptional circumstances, regulators may choose to end the testing stage. In such cases, applicants will typically be notified 30 working days in advance and given the opportunity to respond or remedy the situation. In extreme cases, any testing approvals or notice of admissions may be revoked immediately.

### **7.3. What is an exit plan?**

After the testing stage has ended, applicants must dispose of all confidential information it obtained during the testing. Customers must be notified and all contractual obligations to customers and contractors must be fulfilled.

### **7.4. My application was rejected. What can I do next?**

Participating regulators will provide an explanation as to why an application was rejected.

Unsuccessful applicants may make relevant changes and re-submit their application after a three-month cooling-off period.