



FREQUENTLY ASKED QUESTIONS

SBP Regulatory Sandbox

Frequently Asked Questions (FAQs)

Section 1: Overview and Objectives of Regulatory Sandbox (RSB)

1. What is a Regulatory Sandbox (RSB)?
A Regulatory Sandbox is a controlled environment where innovative products, services, technologies and business models can be tested live on a limited scale for a specified period to assess their viability under regulatory oversight.
2. What is the primary objective of the RSB by State Bank of Pakistan?
To promote financial and technological innovation, develop a conducive regulatory framework for new financial products and services and enhance financial inclusion.
3. How does the RSB differ from traditional regulatory frameworks?
Unlike rigid regulatory frameworks, the RSB allows temporary relaxations and a tailored environment for testing innovative products/services without immediate full compliance.
4. What is a cohort in the context of the RSB?
A cohort is a group of applicants selected to test their innovations within a defined lifecycle of the RSB.
5. How long does a typical RSB cohort last?
Typically, six months, with possible extensions on case to case basis.
6. How does the RSB balance innovation and consumer protection?
It imposes safeguards like transaction limits, client caps, and regular monitoring to minimize risks during the testing period.
7. How would RSB promote financial inclusion?
By establishing innovative solutions related to microfinance, digital payments and business models around innovative banking solutions to reach unserved and underserved populations.
8. Can the RSB lead to new regulations?
Yes, insights from testing may help us enhancing existing regulatory frameworks.
9. Does RSB provide funding to startups?
No, it only provides sandboxing and allied services for the testing to the approved participants.
10. What is the expected impact of the RSB on Pakistan's fintech landscape?
It aims to disrupt traditional financial services, enhance competition, and drive innovation to achieve greater policy objectives.

Section 2: Application Process, Eligibility & Cohort

11. What are the primary evaluation criteria for RSB applications?
The details about evaluation criteria are given under the tab of "Evaluation Criteria".
12. What does "genuine innovation" mean in the RSB context?
A solution that leverages new technology or applies existing technology in a novel way.
13. How is consumer benefit assessed?
By evaluating potential impact in terms of accessibility, cost, or service quality.

14. Can a solution already in the market apply for the RSB?
Only if it introduces a significantly different approach or technology in the financial sector and falls under the themes.
15. What weight is given to financial inclusion in evaluations?
High weightage, as this is line with Strategic Goal number III Vision 2028 of SBP.
16. What happens if an application lacks sufficient detail?
The application would be either rejected or SBP would contact the applicant via email and let them know if any document or details are missing.
17. How is the scalability of a solution evaluated?
By assessing its potential to operate commercially post-testing.
18. Can international companies apply for the RSB?
Yes, if they meet eligibility criteria and intend to operate in Pakistan.
19. How is intellectual property (IP) protected during evaluation?
SBP ensures confidentiality unless disclosure is legally required. However, it would be the responsibility of applicant to register IP etc. with the relevant authorities.
20. Can applicants appeal a rejection?
No formal appeal process exists, but feedback may be sought for resubmission.
21. What is the minimum team size for applicants?
No specific requirement, but teams must demonstrate capacity to execute the idea.
22. Can joint ventures apply for the RSB?
Yes, provided they meet eligibility and designate a lead applicant.
23. How is the feasibility of a testing plan assessed?
By evaluating its clarity, details, value addition and alignment with sandbox objectives.
24. What happens if an applicant fails to meet evaluation criteria?
The application would not be shortlisted for the cohort and the applicant may reapply in future cohorts.
25. How is the application window announced?
Through RSB's website, social media, and other official platforms. The link of the RSB's website is available at (Link: <https://www.sbp.org.pk/dfs/rsb.html>)
26. Where can applicants access the application form?
Application form and detailed Guidelines on RSB are available at the link <https://www.sbp.org.pk/dfs/rsb.html>
27. What documents are required for the application?
Details of application process are given under section 6 of the Guidelines available at the Link <https://www.sbp.org.pk/dfs/rsb.html>
28. Can applicants submit multiple proposals?
Yes, but each must be distinct and meet eligibility criteria.
29. How long does the preliminary screening take?
It may take up to 30 working days starting from application submission.
30. Can applicants seek clarification before applying?
Yes, by sharing the queries to dedicated email address: sandbox@sbp.org.pk.
31. Can unregistered firm apply?
Yes, but they would have to complete registration/incorporation with SECP before the start of the testing.
32. How are applicants notified of acceptance of proposal in Cohort?
Via email and/or surface mail within the specified timeline given in the Guidelines.

33. Can applicants collaborate with others during application?
Yes, after seeking approval from SBP, but the lead applicant will be responsible for compliance of the requirements related to RSB.
34. Can applicants resubmit if the application has been rejected?
Yes, in a future cohort after making improvements.
35. What is the process for international applicants?
The applicant can either partner with SBP licensed entity for submission of application or get itself incorporated in Pakistan and apply.
36. Can applicants withdraw their application?
Yes, by notifying SBP in writing and after seeking approval.
37. Is there a limit on the size of the testing plan?
Testing plan must be submitted as per the format designed by SBP.
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Section 3: Cohort Lifecycle

38. What happens after an application is approved?
Applicants engage with SBP for finalization of testing plan, legal agreement and other formalities.
39. What is a testing plan in the RSB?
A detailed plan outlining how the innovation will be tested, including objectives, scope, timeline, and KPIs.
40. Can the testing plan be modified during testing?
Yes after seeking approval from SBP..
41. How does the SBP monitor testing?
Through review of reports submitted to SBP. SBP may also conduct meeting to review the testing. .
42. What reports are required during testing?
Format of reports will be shared by SBP, before the testing starts.
43. Can participants exit the RSB early?
Yes, after getting approval from SBP. .
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Section 4: Additional Information

44. My Company has been part of the engagement activity conducted by SBP.. Does this guarantee acceptance of application into RSB?
Please note that participation in market engagement meeting, or any correspondence arising from it, does not constitute an endorsement, acceptance, or indication of future selection into SBP Regulatory Sandbox. These engagements are part of the State Bank's broader outreach efforts to support the innovation ecosystem by fostering a better understanding of relevant regulatory and supervisory frameworks. SBP remains committed to engaging constructively with both regulated entities and emerging innovators; however, such interactions occur outside the formal regulatory or supervisory decision-making processes”.

45. Will SBP endorse my product for raising of funds and scalability after successful graduation/testing from RSB?

Purpose of RSB is to give entities a platform for testing innovative products/services. SBP's facilitation would be in terms of amending the relevant laws/Regulations/Guidelines/Circulars etc which will eventually help entities scale their products/services with legal/regulatory clarity.

46. My company has already participated in the Regulatory Sandbox of a foreign jurisdiction.

Will my application be given any preference for inclusion into RSB?

All applications would be assessed in terms of eligibility Criteria as mentioned in the Guidelines and the parameters i.e. innovation, consumer utility, understanding of the regulatory barriers, readiness for testing, scalability and risk management.