

Regulatory Sandbox - Second Cohort

Themes Brief

The State Bank of Pakistan (SBP) invites innovative solutions under four themes for the second cohort of its Regulatory Sandbox:

1. AI in Financial Services
2. Innovations in Payments
3. Technology-enabled Inward Remittances
4. Open Theme –NextGen Financial Services

This document explains the focus of each theme and illustrates the kinds of solutions that could be explored under Regulatory Sandbox. This brief should be read alongside the Regulatory Sandbox guidelines (<https://www.sbp.org.pk/assets/document/RegulatorySandboxGuidelines.pdf>). It may be noted that the examples given under each theme are indicative starting points rather than a prescribed list. Applicants are encouraged to also bring propositions that extend beyond these use cases.

1. AI in Financial Services

This theme explores how AI can improve the delivery of financial services and support better decisions for both customers and institutions. The theme explores applications that go beyond internal efficiency and chatbots, and in understanding how such systems should be governed when they are used for financial transactions.

Use cases could include, but are not limited to, AI agents that initiate and execute payments within an explicit customer mandate, the use of alternative data to assess borrowers and small businesses with limited conventional credit histories, detection of unusual transaction patterns and linked activity to prevent fraud, and automation of customer as well as businesses due diligence and compliance processes.

2. Innovations in Payments

This theme seeks innovative solutions in the domain of payments that improve access, affordability, reliability or ease of use for individuals and businesses. The focus is on practical responses to emerging payment needs, and on understanding the responsibilities and risks that arise when payment services are delivered through new arrangements and new intermediaries.

Use cases could include, but are not limited to, Biometric Payments (fingerprint, facial, voice or other credentials in place of cards and PINs), Banking as a Service (BaaS) models, offline solutions for transactions where connectivity is limited, payments embedded within third party platforms like marketplaces, transport services and other business applications.

3. Technology enabled Inward Remittances

This theme seeks innovations that improve the inward remittance landscape in Pakistan and the services available to the beneficiaries. It builds on the inward remittance theme of the first cohort and extends the scope to value added services linked to remittance flows. The focus is on tangible improvements for senders and recipients, whether lower costs, faster settlement, greater transparency or wider access through formal channels.

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The objectives of the use cases could include, but are not limited to, exploring new remittance corridors, interoperability among remittance service providers, faster settlements into bank accounts and wallets, and easier access for beneficiaries in underserved areas.

4. Open Theme - NextGen Financial Services

This theme invites creative propositions that fall outside the three defined themes. It is for solutions that address a real problem, an unmet need or a market gap in banking and payments that is not adequately served by what is currently available and that reimagines existing financial services by drawing on the next wave of technology and the needs of the next generation of users. The interest is in faster, interoperable, inclusive and resilient ways of transacting that move beyond traditional payment instruments and rails.

The scope remains open in terms of both target market and business model, including B2C, B2B, B2B2C, D2C, e-commerce or any other relevant use case. Given the open nature of this theme, no indicative use cases are specified. Applicants are expected to set out a clear problem statement, a practical and relevant use case, why the proposition does not fit within the other three themes and how it falls within the regulatory scope of the State Bank of Pakistan.

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Important Instructions for Applicants on Readiness:

It may be noted that the proposition submitted should be sufficiently developed for testing with real consumers on a limited scale, with the underlying technology built, key partnerships in place and the necessary resources committed. Propositions that remain at concept or ideation stage will not be considered. All applications will undergo an initial screening by the SBP to assess readiness for testing under the sandbox. Only those assessed as suitable will proceed for further consideration. The SBP will remain engaged with the shortlisted participants throughout the preparedness stage to ensure that propositions are sandbox ready before the testing commences.

Table I shows tentative timelines for the cohort 2 sandbox cycle. Save for the timelines and submission details set out above, all other terms, requirements and processes remain as stated in the Regulatory Sandbox guidelines.

Table I: Tentative Timelines for the Sandbox Cycle:

Stage	Period
Application window	October - November 2026
Evaluation	December 2026 - January 2027
Preparation & Testing	February - July 2027
Exit Stage	August 2027
Announcement of results	September 2027

Application Submission:

The formal application shall be submitted by email to regulatory.sandbox@sbp.org.pk, addressed to The Director, Digital Innovation and Settlements Department, State Bank of Pakistan, 4th Floor, Main Building, I.I. Chundrigar Road, Karachi 74000.