

FINTECH REGULATORY SANDBOX:

A Tool to Foster Innovation and Shape Regulations



A Fintech Regulatory Sandbox is a framework that enables financial institutions and fintechs to experiment with innovative financial products or services in a live environment but within a well-defined space and duration.

The Most Notable Global Regulatory Sandbox Applications



Since their introduction in 2016, the fintech regulatory sandbox has become an increasingly popular tool in the industry. This is exemplified by successful experiences in Southeast Asia and Europe, amongst others. As more countries look to promote financial technology, we expect that fintech regulatory sandboxes will become even more widespread in the near future.

Key Compliance Considerations for a Fintech Regulatory Sandbox

Key compliance considerations for regulatory sandboxes are as follows:

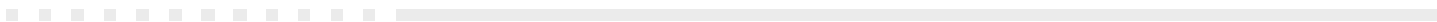
1. Regulatory compliance
2. Consumer protection
3. Operational risk
4. Data protection
5. Exit strategy



The Impact of Regulatory Sandboxes on Fintech Innovators and Startups

Regulatory sandboxes benefit fintech innovators and startups in the following ways:

1. Provide clarity and direction to navigate the complexities of financial regulation
2. Ensure that products and services do not compromise market integrity and consumer security
3. Empower fintech companies with regulatory leeway and flexibility
4. Improve funding access by reducing regulatory costs




Unlocking the Full Potential of Regulatory Sandboxes

Although the short period since their inception limits a comprehensive evaluation, it is clear that regulatory sandboxes are becoming increasingly vital tools in enabling national innovation ecosystems and ensuring regulations smartly adapt to technology advancements.

Regulators that deploy them to maximum effect will position themselves to build a solid competitive advantage. But crystal-clear governance is essential to unleash the full potential of regulatory sandboxes, enabling legal experimentation to address the cross-cutting nature of most technology-driven innovations and avoid duplication.

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COMPLIANCE AND OPERATIONS FOR TECHNOLOGY-BASED BDS IS LISTED IN
FINRA COMPLIANCE VENDOR DIRECTORY

 Need help with support and information on regulatory sandboxes?
Reach out today for a free consultation: info@innreg.com

The Author: *InnReg* is a team of over 30 Regulatory Compliance and Innovation Consulting experts helping fintechs succeed in highly regulated global markets since 2013. InnReg provides fintech compliance and operations consulting and outsourcing services focused on mitigating regulatory risk while helping clients launch innovative fintech products and services.

