



Central Bank of Barbados and Financial Services Commission Announce the Establishment of a Regulatory Sandbox Framework

The Central Bank of Barbados (CBB) and the Financial Services Commission (FSC) recognise that “Fintech” innovation could play a critical role in safely lowering the costs of financial transactions, while offering more efficient services to consumers, without undermining the financial system. To support such innovation, the regulators have collaborated to establish a framework for a regulatory sandbox, which will provide regulatory clarity for businesses offering viable and new financial technology (Fintech) products, services and solutions.

In a statement announcing the initiative, the CBB and the FSC explained that the framework provides the parameters for businesses to test their offerings in a controlled environment. “In a sandbox, the innovative product, service, business model or delivery mechanism is observed and tested within a restricted space that protects both consumers and the financial system from undue risk,” the Bank and Commission commented.

To this end, a Regulatory Review Panel (RRP), comprising nominees from the FSC, the CBB, and the Director of Finance and Economic Affairs, will oversee the operations of the regulatory sandbox. The Panel will seek out special technical advice as needed. The RRP will, among other responsibilities, determine the regulatory issues for consideration during the sandbox, set the timeframe of the sandbox, and recommend to the respective applicant what should happen afterwards.

To be eligible for participation in the sandbox, applicants must show the RRP that their products and or services do not easily fall under any existing legislation, or they must be proposing to use an unproven technology to carry out a regulated activity. Participants must possess adequate financial and human resources to mitigate and control any potential risks and losses to consumers and the financial system.

At the end of the exercise, the RRP will produce a report that assesses how the activity in the sandbox performed and identifies any new or emerging regulatory issues. If the RRP concludes that the service or product does fall within the scope of existing legislation, applicants can apply for the relevant license; if there is no prevailing legislation to cover the activity, the RRP will recommend a path forward for the CBB or FSC to follow.

“We are delighted to break new ground in the Caribbean with the launch of this regulatory sandbox to promote safe innovation that benefits consumers.”

The regulators noted that there is already interest from Barbadian businesses to participate in a regulatory sandbox and looks forward to welcoming applicants.

For more information on the sandbox framework, visit www.centralbank.org.bb or www.fsc.gov.bb

2018-10-23