



## **Media release**

12 October 2022

### **The Intergovernmental Fintech Working Group's regulatory sandbox is open for applications**

Following the digital launch of its inaugural regulatory sandbox (RSB) in April 2020, the Intergovernmental Fintech Working Group (IFWG) today announced that it is opening the RSB for applications following a new approach, which means that it will remain open for the foreseeable future. At the same time, it is releasing the publication of a feedback report documenting the IFWG's experience in accepting a cohort of applications in 2020.

The RSB is a framework used by regulators across the world to foster innovation in the financial services sector while maintaining oversight of emerging risks. In South Africa, the RSB offers a controlled and live environment for financial sector innovators to safely test new financial products or services they seek to bring to market against existing regulation, all under the responsible supervision of members of the IFWG and with input from the relevant regulators.

Through this testing, the IFWG aims to better understand the risks and benefits associated with new market solutions and to make more informed decisions regarding policy positions and regulatory frameworks. The RSB also seeks to provide regulatory clarity to participants and industry more broadly, while providing insight into innovation for regulators and the policymaker to inform appropriate policy and regulatory responses.

The IFWG RSB was pleased to receive a total of 54 unique applications from 49 applicants to the 2020 cohort. Nine sandbox tests from eight firms were accepted into

the RSB and were bucketed into the following categories: cross-border payments using crypto assets (three sandbox tests); reporting of cross-border payments using distributed ledger technology (one); safe custody services (one); tokenisation of existing securities (one); crowdfunding (one); index insurance (one); and the use of non-traditional credit data (one sandbox test). For more details see the [feedback report](#) also released today.

Initially, the IFWG decided on a cohort-based approach where regulators received applications during an open application window, after which a group of applications was shortlisted for finalising RSB agreements to enable testing. The intention was to report back on the first cohort once all the testing had been completed. However, enabling testing between multiple regulators is a complex and involved process, resulting in testing starting in a delayed and staggered fashion. The IFWG therefore conducted a retrospective review prior to closing the first cohort to consider the performance of the RSB in achieving its objectives. The outcome of the review resulted in a shift from the cohort-based to an adjusted rolling-based approach.

An adjusted rolling-based approach means that the RSB will remain open for applications; however, the relevant regulators will provide guidance on their areas of focus, regulatory appetite, and capacity and resource constraints in assessing applications throughout the RSB period. It is anticipated that the new approach will enable the IFWG to be more agile in responding to industry innovation and be more expedient in providing feedback to applicants. Please visit the updated [IFWG RSB webpage](#) for more information on the updated approach and for more information on the application process.

The updated process is subject to further assessment to determine its adequacy and effectiveness as the IFWG strives to meet the demands of both regulators and applicants.



The report and more information on the RSB are available on the IFWG website:  
[www.ifwg.co.za](http://www.ifwg.co.za)

[---ends---](#)

---

Notes to editors:

1. The IFWG members are the Competition Commission, Financial Intelligence Centre, Financial Sector Conduct Authority, National Credit Regulator, National Treasury, Prudential Authority, South African Revenue Service and South African Reserve Bank.
2. The IFWG previously reported a total of 52 applications received – the difference stems from the methodology used to count multiple applications from one applicant and a duplicate application received.