

NATIONAL REGULATORY SANDBOX GUIDELINE



JULY 2025

Table of Contents

1. INTRODUCTION	3
2. APPLICATION	3
3. PURPOSE OF THE REGULATORY SANDBOX.....	4
4. PRINCIPLES OF THE REGULATORY SANDBOX.....	4
5. ELIGIBLE PARTICIPANTS	5
6. STAGES OF THE SANDBOX	5
7. REPORTING OBLIGATIONS	10
ANNEX 1: ACRONYM & DEFINITIONS.....	12
ANNEX 2: REGULATORY SANDBOX APPLICATION FORM	13

1. INTRODUCTION

- 1.1 This Guideline is issued under Section 3 of the Reserve Bank of Vanuatu Act [CAP 125] of 1980 and Part 2 of the National Payment System Act No.8 of 2021 as part of the Reserve Bank's objectives of promoting a sound financial structure and supervising and regulating banking business and the extension of credit; and, for establishing a legal framework for the licensing, regulation and oversight of the payment system in Vanuatu.
- 1.2 In developing this Guideline, the Reserve Bank of Vanuatu considered the standards of guidelines of selected jurisdictions and the Pacific Islands Regional Initiative(PIRI) sandbox best practice.

2. APPLICATION

- 2.1 This Guideline applies to innovative solutions including Fintech.
- 2.2 The Reserve Bank invites Fintech solutions which demonstrate potential to meet one or more of the following requirements:
- a) Product or service offered leverages on a genuine financial innovation.
 - b) Addresses efficiency in the delivery of financial services and promotes competition.
 - c) Addresses the KEY needs of Financial Consumers, who will benefit directly or indirectly.
 - d) Improve access and usage of financial services to enable financial inclusion, with special focus on the vulnerable groups (e.g. youths, elderly, special needs, women and underserved remote areas).
- 2.3 Financial services and products with no regulatory barriers will not be tested under the Regulatory Sandbox framework, however, they will be directed to the Licensing and Oversight Units of the Reserve Bank of Vanuatu.

3. PURPOSE OF THE REGULATORY SANDBOX

- 3.1 The Reserve Bank of Vanuatu recognizes the potential role of innovation in the development of a reputable financial system in Vanuatu, and will work to improve financial service quality and coverage.
- 3.2 The purpose of this Regulatory Sandbox is to create an enabling regulatory environment, that supports the innovative design, development and implementation of financial products, services and channels, while ensuring consumer protection and regulatory compliance.
- 3.3A Regulatory Sandbox is a framework under which, the Reserve Bank of Vanuatu allows live testing of FinTech and other innovations such as financial products, services, innovative processes or other solutions, within a controlled environment, with guidance provided by the Reserve Bank and other relevant regulators, prior to the introduction of the innovation to Vanuatu's financial system.

4. PRINCIPLES OF THE REGULATORY SANDBOX

This Guideline was developed with the following principles that outline the fundamental values and guiding concepts which support the establishment and operation of this Regulatory Sandbox.

- 4.1 **Financial Inclusion Focus** – The proposed solution should be within the Financial Inclusion objectives of Vanuatu (Refer to Reserve Bank of Vanuatu National Financial Inclusion Strategy).
- 4.2 **Innovation** -The solution shall be innovative through introducing new products, ideas or services into the market.
- 4.3 **Consumer Protection** - The solution should prioritize and have sufficient safeguards for consumer protection and market integrity. Participants must implement robust consumer safeguards, transparent disclosure practices, and fair treatment policies to protect consumer interests and enhance trust in the financial system. Where applicable, customers should sign a declaration to show their understanding of all risks involved in the tests.
- 4.4 **Risk Management** - The solution shall have in place effective risk management practices including governance and internal controls to mitigate potential risks associated with such products and services. Participants must identify, assess, and manage risks proactively, including financial, cyber, operational, legal, and reputational risks. A sound risk management framework enhances resilience and ensures the sustainability of the initiative.

4.5 Flexibility, Interoperability and Adaptability - The solution shall be flexible, interoperable and adaptable to accommodate diverse technologies and regulatory challenges. It should evolve over time to address emerging trends, market developments, and regulatory priorities effectively.

4.6 Indemnity – The participating applicants shall be wholly liable for all incurred costs, damages and must have in place risk mitigating implementable procedures.

5. ELIGIBLE PARTICIPANTS

5.1 The eligible participants in the Regulatory Sandbox include:

- a) Legal entities with legitimate business incorporated in Vanuatu or incorporated in other jurisdictions.
- b) Financial institutions licensed and/or supervised by the Reserve Bank.
- c) Domestic non-regulated entities including technology and data vendors, startups, professional services, investors and venture capitalists.
- d) Any other entity (local or foreign) working to provide financial services within the regulatory framework of the Reserve Bank and intends to provide its product to the local market.

5.2 The Participant and its management must not have an adverse record of unethical business dealings, a criminal record nor other non – compliance with regulations in Vanuatu or other jurisdictions. (FIT & PROPER requirements under the applicable laws and legislations)

5.3 The participant must ensure it has adequate resources to carry out the experiment on product or service, and adhere to ALL requirements throughout the testing.

6. STAGES OF THE SANDBOX

6.1 Early Consultation

- a) Interested potential applicants both Licensed and/or supervised financial services providers and non- regulated entities are encouraged to consult the Reserve Bank during the early development stages of the product or service.
- b) From early consultation, Reserve Bank will provide professional feedback which will determine, whether the product/ service is potentially eligible for the

sandbox testing or proceed with necessary licensing, in accordance with Financial Service Legislations administered by the Reserve Bank.

- c) In addressing entry barriers for new financial products or services, the Reserve Bank may facilitate consultation with relevant stakeholders, where applicable.
- d) Prior to submitting an application, the applicant should seek clarity on any questions regarding the sandbox by contacting the Reserve Bank at: rbvsandbox@rbv.gov.vu

6.2 Pre-application

- a) The applicant should ensure that section 2, section 4 and section 5 of this Guideline are satisfied before submitting the application form.
- b) Occasionally, the Reserve Bank may make referrals to development stakeholders and other partners who are better positioned to address a specific challenge or barrier to entry.

6.3 Requirements

During the pre-application stage, the applicant must include or meet some key fundamental obligations, including:

- a) Clearly defined adequate resources i.e. Capital, human resource, technology & infrastructure setup and etc. to develop and test the proposed solution;
- b) Clearly defined measures to mitigate the risk of Anti Money Laundering, Counter Financing of Terrorist and Counter Proliferation Financing (AML/CTF/CPF) as per international best practice standards i.e. FATF so as to safeguard against all forms of identified risks.
- c) Ensure confidentiality of consumer information and data;
- d) An exit strategy from the Sandbox;
- e) Compliance with all laws applicable to the solution.

6.4 Application Submission:

- a) The interested applicant is required to submit a completed *Regulatory Sandbox Application Form* [Annex 2] to the Reserve Bank.
- b) The application should be submitted through the official contact point via this email address: rbvsandbox@rbv.gov.vu

- c) The application and all attachments should be submitted in both English & French, respectively.
- d) The Reserve Bank will assess the applications against the *Sandbox Eligibility Criteria* [Section 2, 4 & 5] to determine whether the solution is potentially suitable to enter the Regulatory Sandbox.
- e) The applicant should submit the following additional documents:
 - i. Detailed proposed product or service
 - ii. Incorporation documents
 - iii. Other approved Sandbox Licenses (if applicable)
 - iv. Other supporting documents

6.5 Assessment and Selection:

- a) The Reserve Bank will review the applicants' proposal within 15 - 20 working days. During this period, the Reserve Bank of Vanuatu may request for additional information if required.
- b) The Reserve Bank of Vanuatu may consult with other international institutions, other Central Banks and local regulatory authorities for the purpose of the assessment.
- c) Successful applicants will proceed to the next steps whereas unsuccessful applicants will be advised of any deficiencies.
- d) The applicant is generally allowed to re-submit the application only if deficiencies are addressed and/or material changes are made.
- e) The Reserve Bank of Vanuatu reserves the right to deny entry of any product or services that does not pass the 'fit & proper test', even if the applicant's capabilities to manage risk is sound or if it falls outside the scope of the Sandbox.

6.6 Agreement:

- a) Upon acceptance and prior testing in the Sandbox, the applicant will enter into a signed agreement with the Reserve Bank of Vanuatu.
- b) The agreement will specify all significant terms and conditions, regulatory reliefs and exemptions, restrictions, reporting requirement, exit strategy, disclosure requirements of the product/service testing.

- c) The Reserve Bank of Vanuatu reserves the right to include any specific terms and conditions, where deemed necessary. In the event where, there is change in the terms and conditions of the product or service testing, amendments may be added to the agreement.

6.7 Restrictions

- a) The Reserve Bank of Vanuatu may issue certain restrictions, for the purpose of risk mitigation, related to 6.7 b (below).
- b) Restrictions may include the following:
 - i. Limited number of clients
 - ii. Limited geographical testing location;
 - iii. Maximum value of clients funds held in Applicant Trust Account;
 - iv. Maximum value of credit to customers;
 - v. Maximum value of a single transactions;
 - vi. Consumer complaints and redress procedures
 - vii. Any other restrictions that may mitigate risks related to the solution.

6.8 Regulatory Reliefs and Exemptions

- a) The Reserve Bank reserves the right and may issue the following regulatory reliefs and exemptions, related to 6.8 b (below):
- b) Regulatory reliefs and exemption may include the following:
 - i. Capital requirements;
 - ii. Maximum of 2 geographical live testing locations;
 - iii. KYC/CTF/CPF requirements;
 - iv. Credit rating;
 - v. Cash balances;
 - vi. Fund solvency and capital adequacy;
 - vii. Minimum liquid assets;
 - viii. Track record;
 - ix. Any other regulatory exemptions which does not create additional risk.
- c) The regulatory reliefs are only applicable within the duration of the testing.

6.9 Testing and Monitoring

- a) Upon signing the agreement, the approved applications will test its proposed solution in the Sandbox while adhering to the sandbox conditions.
- b) The Reserve Bank will inform the public on the legitimacy of the Sandbox entities and their solutions undergoing live testing, through applicable official media channels/ forms.

The Reserve Bank will publish the following information:

- i. Approved Entities and approved solutions for live testing.
 - ii. Brief statement describing the solution.
 - iii. Duration of the live testing.
 - iv. Focal points for general enquires related to the Live solutions testing.
- c) During the testing, if certain provision of the proposed solution is subject to licensing, the applicant may request for a temporary license or regulatory approval. This temporary license or regulatory approval is only valid for the duration of the testing.
- d) The applicant is required to provide bi-weekly reports to the Reserve Bank in line with this agreement.

6.10 Withdrawal or Termination

- a) The applicant has the right to withdraw the testing of the product/service and must inform the Reserve of Vanuatu Bank within 7 working days' prior to execution.
- b) The applicant shall be responsible for implementing its exit strategy.
- c) The Reserve Bank can terminate testing in the following circumstances:
 - i. The applicant breaks the requirement stated in the agreement.
 - ii. The tested product/ services scope, functionality differs from the original proposed submission.
 - iii. The applicant does not submit relevant requested information and documents during the testing phase.
 - iv. The tested product/ services creates or contributes to potential social, financial and economic risks.
 - v. Increasing consumer complaints and fraud related to the product/ services, which the applicant fails to resolve.
 - vi. The applicant is undergoing liquidation or is declared bankrupt.
- d) During a withdrawal or termination scenario, the following must be fulfilled by the participant:
 - i. Provide notification to customers informing them of the cessation.
 - ii. Compensate any customers who had suffered financial losses.
 - iii. All existing obligations to its customers must be fully fulfilled.

6.11 Final Evaluation & Reporting

- a) If the applicant has tested the product/service however, the Reserve Bank recognizes the need for improvement (as per section 2, 4 & 5), it will be subjected to a re-test again once the area of concerns is fully addressed by the participant.

- b) If the applicant has successfully tested the product/ service and both parties are satisfied, the applicant will be recommended for graduation.
- c) The applicant must submit draft report that includes the following:
 - i. Product/ services meets terms & conditions as per agreement;
 - ii. Brief summary of issues faced during the testing (Operational, Technology);
 - iii. Applicants position on product/ service roll scale up.
- d) Upon graduation, the Participation can submit its application for obtaining a license along with the prescribed application fee and annual license fee.
- e) The Reserve Bank of Vanuatu may prohibit a product/service from scaling up if testing is unsuccessful or will create or contribute to potential social, financial and economic risks.

6.12 Duration of the Regulatory Sandbox Life Cycle

The duration of each stage will be as follows:

- a) Pre-application phase: 5 business days.
- b) Assessment and selection: 15 - 20 business days.
- c) Agreement signing: 10 business days.
- d) Testing & Monitoring: 180 days which may be extended at the discretion of the Reserve Bank.
- e) Final Evaluation & Reporting: 10 - 15 business days' post testing stage.

7. REPORTING OBLIGATIONS

7.1 Participating applicants will be required to provide regular bi-weekly updates to the Reserve Bank of Vanuatu on the progress of their sandbox testing, including any issues encountered, lessons learned, and outcomes achieved.

7.2 Reporting is mandatory to ensure the sandbox processes are adhered to and for compliance and Risk management purposes.

7.3 This report shall include at least the following:

- i. Aggregated client statistics of product and service;
- ii. Fraud or operational incident reports and the resolution applied to avoid recurrence;
- iii. Customer complaints and redress actions;

- iv. Assurance testing of Technology Infrastructure and the results obtained;
- v. System availability statistics;
- vi. Statistics on Transaction volumes and value;
- vii. Other encountered risks (Section 7) and redress actions;

ANNEX 1: ACRONYM & DEFINITIONS

AML – Anti Money Laundering

CTF – Counter Terrorism Financing

CPF- Counter Proliferation Financing

Existing Digital Financial service/product/solution – Already available in the market

FATF – The Financial Action Task Force

Fintech – Application of innovative Technology to facilitate the delivery of financial services

Framework – Set of processes, guidelines, principles, tools and rules being used to govern the operations of a sandbox

Innovation – In this context, a new financial digital service or product

New Digital Financial service/product/solution – Non-existent in the current market

Participant or Applicant - Company/Organization/Individual that has developed an innovative digital financial service/product.

Regulatory Sandbox or Sandbox – Set of processes & tools being used to allow live testing of any digital financial service/product in a controlled environment supervised by the Reserve Bank/Central Bank.

Reserve Bank or Reserve Bank of Vanuatu or Central Bank OR RBV – Regulatory authority that oversees the sandbox operation.

ANNEX 2: REGULATORY SANDBOX APPLICATION FORM

Applicant Details	
Legally Registered Name of Company/Entity	
Legal Nature of Company/Entity	
Business Registration #	
Postal Address	
Email Address	
Website Address	
Owners/Share holders	
Key Contact Person(s)	
Email Address	
Phone Number	
Please provide information of other existing licenses	
Have the owners/shareholders been convicted of any criminal activity or non-compliance to regulatory obligations in other jurisdictions?	
Brief description of the nature and scale of your business in the jurisdiction(s) of registration and/or operation	
Information on the proposed Solution	
Brief description of the solution/product/services to be provided	
Has the solution been tested in any sandbox in other jurisdictions with success? If not, why?	
Briefly outline the time line and milestones during deployment stages	
Briefly describe how your solution is innovative and does not replicate an existing solution in the market	
Explain how your proposed solution is in alignment with the sandbox eligibility criteria	
Briefly outline how you have taken the necessary customer steps with due diligence and AML/CTF/CPF compliance checks	

Describe how your solution meets all the current regulations and laws	
Briefly outline the associated risks and your mitigating strategies	
Briefly describe any associated Cyber Security risks and your measures to contain the impact on: Customers, Financial System, Sandbox and the Technological Infrastructure in place?	
Testing Phase	
Briefly describe how you will conduct the testing phase, indicators of compliance with test objectives and expected results	
Briefly describe your ICT infrastructure setup, interconnections to other systems (Payment providers, payment service providers and etc.) and provide the system work flows	
What is the scope of your customers and how will they be selected?	
State the source of funding during testing	
Does the solution require some regulatory relieve during testing? If so, please briefly outline	
Additional Information	
Please provide any other additional relevant supporting information	
Declaration	
Declared by Owners/Shareholders of the Entity/Company	
I/We hereby declare that the information we have furnished in this application form is true, complete and accurate. I/We understand that in the event of our information being found as false or incorrect at any stage, our application shall be liable to cancellation / termination without notice or any compensation in lieu thereof. Entity/Company Name: Signature: Full Name: Position: Date: Entity/Company Name: Signature: Full Name: Position:	

Date:

Entity/Company Name:

Signature:

Full Name:

Position:

Date:

Entity/Company Name:

Signature:

Full Name:

Position:

Date: