

REGULATORY SANDBOX

DRIVING BENEFICIAL REGULATION
THROUGH INNOVATION



2023



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**Regulatory Evaluation Based on
Insights & Learnings**

GLOSSARY

Abbreviation	Acronym
AI	Artificial Intelligence
AFPO	Asset Fractionalization Platform Operators
AMC	Asset Management Company
AML	Anti-Money Laundering
ARP	Address Resolution Protocol
CDC	Central Depository Company
CIS	Collective Investment Schemes
DTL	Distributed Ledger
e-KYC	Electronic Know Your Customer
FinTech	Financial Technology
IP	Internet Protocol
KYC	Know Your Customer
MF	Mutual Fund
NBP	National Bank of Pakistan
OTP	One Time Password
P2P	Peer to Peer
PMD	Pakistan Mobile Number Probability Database
RE	Real Estate
RSB	Regulatory Sandbox
SECP	Securities & Exchange Commission of Pakistan
SPV	Special Purpose Vehicle
VPS	Voluntary Pension Funds
NIC	National Incubation Centre
FMA	Facilities Management Agreement



INTRODUCTION

In today's rapidly evolving world, where technological advancements drive unprecedented change, SECP undertakes the task of striking a delicate balance between fostering innovation and maintaining a robust framework for consumer protection.

SECP through the success of the RSB Program has not only impacted Pakistan's financial landscape but has clearly indicated that the financial services market is ready to embrace change instigated through technological innovation. With its unwavering commitment to nurturing innovation, SECP is doing its bit to propel Pakistan into a new era of growth and prosperity.

The Evolution of Regulatory Sandbox

The concept of an RSB by SECP emerged as a response to the rapidly expanding landscape of FinTech and the need to accommodate novel ideas within the financial services market. SECP recognized the potential of an RSB to foster innovation, encourage entrepreneurship, and drive economic growth, leading to the launch of this transformative program.

A Catalyst for Innovative Start-ups and FinTechs

Launch of each Cohort under RSB opens new doors for aspiring entrepreneurs and innovative start-ups, providing them with a unique opportunity to test their pioneering ideas in the field of DLT, robo-advisory, insurance brokerage, digital mutual funds, and P2P lending in a live environment. By offering a controlled environment, participants are shielded from potential risks and legal hurdles, allowing them to experiment with modern technologies and business models. This invaluable experience enables start-ups to refine their concepts, gain valuable market insights, and attract potential investors, thereby enhancing their chances of long-term success.

Nurturing Collaborative Ecosystems

The success of RSB Programs is not solely attributed to its facilitation of individual start-ups but also the creation of collaborative ecosystems. The program encourages interaction and knowledge sharing among participants, enabling them to learn from each other's experiences, foster innovation, and collectively elevate

the FinTech landscape in Pakistan. By fostering a culture of collaboration, SECP has paved the way for partnerships between start-ups, financial institutions, and regulatory bodies, fostering a vibrant ecosystem that transcends traditional boundaries.

Ensuring Regulatory Excellence

One of the key strengths of RSB by SECP lies in its pledge to maintain robust regulatory standards. While encouraging innovation, SECP ensures that consumer protection and risk management remain paramount. Through rigorous monitoring and evaluation, the SECP assesses the impact of each innovative solution, balancing the potential benefits against potential risks. This diligent approach not only safeguards the interests of consumers but also builds trust and credibility within the financial industry.

Driving Economic Growth and Digital Transformation

Pakistan's financial services market needs to embrace cutting-edge technologies such as blockchain, AI, and digital KYC, to keep pace with the global FinTech revolution. Successful implementation of innovative solutions has the potential to transform sectors such as insurance, capital markets, and asset management. This in turn would enhance financial inclusion, foster efficiency, increase transparency, and provide easier access to the financial securities market. Regulatory Sandbox can serve as a catalyst, propelling Pakistan's digital transformation journey.

KEY SUCCESS FACTORS



RSB represents SECP's commitment to supporting state-of-the-art technologies and ideas that have the potential to reshape the financial landscape in Pakistan. The RSB has entered its fourth year. Here are four key factors that contributed to this accomplishment and continuity:



Clear and Well-Defined Regulatory Framework

Clear guidelines on eligibility criteria, regulatory exemptions, and the scope of experimentation



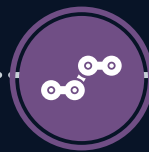
Diverse Participants

Participations from various sectors brought the wide range of innovative ideas and solutions



Adequate Resources and Infrastructure

Access to appropriate technological infrastructure, data, and legal support facilitated the testing phase



Effective Collaboration and Support

Close coordination between SECP and resultant collaborations with key market ensured timely support

By focusing on these factors, SECP created an atmosphere advantageous to innovation, attracted a diverse set of participants, and fostered a synergetic ecosystem which lead to efficacious outcomes.

Ecosystem Development

Work with industry stakeholders for fostering a favorable environment to give way a innovation, such as promoting investor education, encouraging collaborations, and supporting new initiatives.

Iterative Development

Gather feedbacks and insights from participants to iteratively improve the sandbox framework and refine overall sandbox process.

Expanded Scope

Aim to encompass a wider array of fintech innovations so that expansion can encourage diverse fintech experimentation.

Graduation & Scaling

Help participants transition from the sandbox environment to real-world operations which involves helping successful participants comply with full-scale regulatory requirements and facilitating their entry into the market.





REGULATORY SANDBOX JOURNEY

RSB is a testament to the power of collaboration, forward-thinking regulation, and the potential of fintech to transform the financial industry in Pakistan. Its journey serves as an inspiration for developing frameworks that support financial innovation while maintaining regulatory veracity.

Guidelines:

Regulatory Sandbox Guidelines were introduced in 2019 as a framework to facilitate innovation in regulated industries. These guidelines provide a controlled environment for start-ups and businesses to test their innovative products, services, and business models.

The Guidelines adequately cover:

- Potential Applicants
- Categories/Business Models
- Application Submission Procedure
- Evaluation Criteria
- Life-Cycle of a Cohort in RSB
- Terms and Conditions for testing

Aspirants that meet the specified criteria can apply to be part of the sandbox and benefit from temporary regulatory exemptions or modifications. By reducing barriers to entry, these exemptions encourage innovation and provide a platform for start-ups to showcase their ideas.

The motive of the Guidelines is to strike a delicate balance between promoting innovation and maintaining regulatory integrity within the industry. It plays a crucial role in creating a supportive and secure environment for participants, fostering collaboration between the SECP, innovators, and traditional industry players.

<https://www.secp.gov.pk/document/secp-regulatory-sandbox-guidelines-2019/?wpdmdl=37476&refresh=626a638ed3d821651139470>

Cohorts:

The RSB is a transformative program that has emerged as the first of its kind to propel Pakistan's financial services market towards innovative technological advancements. Since its inception in 2019, the SECP has launched four cohorts within the RSB program, facilitating the testing and experimentation of new business models and financial products. Following an overwhelming response from a diverse range of innovators, including established organizations, foreign firms, startups, and Fintech companies, SECP has transitioned the RSB from a cohort-based approach to a continuous, rolling basis.

Under this transformation, the RSB will remain open for applications year-round, welcoming submissions across three specific streams: Islamic finance, conventional finance, and initiatives focused on women. The availability of RSB on a rolling basis expands the reach of the RSB, ensures ongoing partnerships, and allows applicants to engage with the program at the most opportune stage in their development journey. Potential applicants can also test the suitability of their proposed model through the diagnostic tool, build an application based on a self-explanatory format, and submit it to the dedicated email at sandbox@secp.gov.pk.

SECP has also developed a comprehensive self-explanatory application format and diagnostic tool for the ease of the potential applicants.

COHORT - I

Amongst thirty-three applicants, six made their way to the testing phase. RSB Position Paper, 2022 shares the stories of the successful participants.

<https://www.secp.gov.pk/document/secps-concept-paper-on-regulatory-sandbox?wpdmdl=44490&refresh=6267d66f8f65f1650972271>

COHORT - II

Six out of thirty-eight applicants entered the testing and experimentation phase. Life-cycle of the second cohort (with the exception of one participant) has been concluded. Results are being shared here.

COHORT - III

After due diligence, eight out of thirty-one applicants progressed to the testing and experimentation phase which is yet to complete its cycle

COHORT - IV

The selection process has been completed, and eleven participants have been selected to perform the testing under the RSB environment.

Participants:



Testimonials:


RSB participants are key stakeholders of RSB program. SECP from time to time engage RSB participants who have had direct experience or knowledge related to the business model, to get valuable insights and first hand perspectives of the product and market. By incorporating these accounts, SECP aims to develop a well-rounded understanding of the business model resulting in development of clear and well defined regulatory framework.

Here are some testimonials from past participants who have generously shared their experiences as graduates of the RSB program. These testimonials provide valuable insights into the RSB program's impact and effectiveness, as shared by those who have directly benefited from it.


Finja Lending Services (FINJA) - Rubab Zahra talks about FINJA's journey with SECP RSB in Cohort I

 <https://www.facebook.com/watch/?v=466753675252317>


Sahal Verify – Abdul Wahab speaks about their experience of testing the REGTECH solution in Cohort II

 <https://www.facebook.com/watch/?v=1194751171204513>

SSalam Takaful - Kamran M. Hanif shares their experience of testing digital insurance product in RSB Cohort II

 <https://www.facebook.com/watch/?v=603493735216406>

MyQasaar – Pir Saad shares their startup experience in RSB Cohort II

 <https://www.facebook.com/watch/?v=1213932949423675>

Mahaana Wealth - Shamoan Tariq shares his experience of testing Digital AMC in RSB Cohort III

 <https://www.facebook.com/watch/?v=1185833698763966>

RSB Collaborations:

An ecosystem that encourages entrepreneurship and innovation has multiple stakeholders. SECP has formal and informal collaboration with the other institutional stakeholders in RSB. These collaborations contribute toward building a strong foundation for robust ecosystem for innovative businesses. A robust ecosystem plays a pivotal role in creating job opportunities, and for this reason the Regulators, Academia and Infrastructure Organizations need to play their parts.

CDC, RSB collaboration has evolved over time. From initial informal facilitation and guidance to testing participants as and when required, now RSB and CDC have a formal collaboration arrangement. This arrangement entails that CDC will assist RSB in its evaluation of the technical strengths & gaps of the applicants. Together they will ensure technological alignment with the key elements of the business model so that it is best placed to build revenue while mitigating technical risks, inherently adding value to its business proposition. CDC shall also facilitate selected participants by handling operations and aspects matching its expertise in terms of Facilities Management Agreement (FMA) at a nominal cost to the participant.

RSB also has an informal arrangement with IGNITE to collaborate and create awareness with the innovators regarding the innovative space in the financial services market provided by RSB. Moreover, RSB is actively pursuing to engage with NICs established across the country to fully harness the potential benefits of innovation in FinTech.



TESTING OUTCOMES

The success of the testing phase under RSB Cohort II has resulted in increased access to financial services for previously underserved populations, promoting financial inclusion. Moreover, it has fostered technological advancement by encouraging the exploration of emerging technologies and business models. RSB has facilitated innovation, nurtured startups, and enabled SECP to learn about emerging technologies and associated risks. Under this Cohort following business models have been tested;

1. Crop parametric Takaful (Telematics Based Insurance)
2. Asset Fractionalization Platform
3. Unified MF Digital Distribution Platform
4. E-KYC with 3D Facial Biometrics
5. Digital Only Micro General Takaful Provider

Product: Crop Parametric Takaful

INNOVATOR

SALAAM TAKAFUL LIMITED

Objective

Takaful is a Shariah-compliant alternative to conventional insurance. Testing of a digital model of Crop Parametric Takaful was allowed:

- To enhance insurance outreach to the agriculture sector
- To provide crop insurance cover to farmers
- For hassle-free claims processing and pay-outs during the mid-season

Methodology

- Structure
 - The company conducted on-ground visits to understand the needs and pain points of farmers.
 - The parties to the contract settle on a pre-agreed pricing measure called the parameter.
- Implementation
 - It collaborated with on-ground partners to distribute policies among farmers.
 - The parameter incorporates determining the trigger event, coverage period, payout amount, probability of occurrence, premium, and adjusting for profit and expenses.
- Claim Processing
 - The process of claim includes satellite monitoring, claim notification, and claim payment.
 - The digital application evaluates the risk/loss a farmer experiences on an individual basis instead of at the district level, with no need for manual loss assessment.
 - Provides coverage that pays out even in the middle of the growing season and doesn't require a government-declared catastrophe
 - As soon as the parameter is met, the predefined payout is given to the farmer.

Performance

Crop Parametric Takaful was offered in three geographical locations. areas projects were launched by Crop Parametric Takaful as mentioned below;

Project Name	Weather Index Based Cover		
Location	Rahim Yar Khan	Arifwala and Vehari	Dipalpur and Multan
Crop	Wheat	Maize	Potato
Farmers	61	70	30
Acreage	170	300	100
Total Sum	Rs. 6,800,000	Rs. 3,000,000	Rs. 11,100,000
Perils covered	Excess Rainfall	Excess Rainfall	Excess Rainfall
	Locust Attack	Heat Stress	Heat Stress
		Wind	Frost
On-ground partner	Rural Education & Economic Development Society	Syngenta Pakistan Limited	Fauji Fresh and Freeze

Key Takeaways

- Tailoring pricing and margins viz-e-viz the target market:
 - Match Margins and pricing with the farmers' financial profile i.e. a farmer's capability to pay contribution is very limited.
 - The applicant strives to design the products on very low margins to reach more farmers and create more impact.
- Building a business case & taking confidence-building measures
 - Enhance awareness regarding how insurance/takaful can be used to ease the burden of the losses
 - Improving product understanding for farmers
 - Educating the farmers on technological innovations

Solution: Asset (RE) Fractionization Platform

INNOVATOR

MYQASAAR PRIVATE LIMITED FRACESTATE PRIVATE LIMITED

Objective

Asset fractionalization is a division of a high-value asset into smaller denominations. Testing of Electronic Platform for RE Fractionalization was allowed to simulate in a live environment:

- Fractionalization of Real Estate holding
- Investment in fractions by investors
- Distribution of returns and exit by investors

Methodology

- Platform Basics
 - The platform is based on blockchain Technology.
 - Verification of investment properties using a 100-point proprietary screening tool.
 - The digital fractions issued are tracked on an immutable public Blockchain.
 - Fraction/ Tokens are Demat by their very nature and are tracked on the Blockchain.
 - Partners and service providers go through KYC/AML checks.
- Asset Fraction Creation:
 - A third-party evaluator is used to back up and ascertain the value of the property.
 - Once the property is 100% funded/acquired, a Special Purpose Vehicle (SPV) is created in Pakistan, for the selected property where investors become official owners of that SPV.
- Business Model
 - Rental income proportional to the investment is transferred to the investor's digital wallet.
 - Investors can reinvest or withdraw the balance anytime.
 - Rental returns are usually distributed based on the terms of the tenancy contract.
 - Any interested investor has access to the blockchain and transaction ledger.
 - As an added redundancy, the fraction ownership data is replicated in a CDC database during the sandbox period.
 - Although the recommended holding period for real estate investments is 5 years, but the investor can exit the investment anytime by either listing one's fractions in the secondary market which is also blockchain-based, or calling in a vote for selling the property.

Performance

a) MY QASAAR PRIVATE LIMITED

MyQasaar Private Limited-Fractionalization of Real Assets through Electronic Platform	
Fractionalized Property	1
Location of the Property	SPE Gawalmandi (Pvt.) Ltd
Value of property/cumulative fractions	Rs. 14.5 million
Total number of fractions	1,000,000
Number of accredited investors	6
Secondary Trading Platform	SmartCrowd Platform
Blockchain used	Yes
CDC Integration	Yes

b) FRACESTATE PRIVATE LIMITED

In terms of reaching its goal, Fracestate fell short. While it made some promising early accomplishments, it has since been absent for most handholding sessions and has failed to offer any progress reports despite being asked for them. The failure to fully automate the integration of payments was the primary cause of the delay. As a result, the applicant did not make it beyond the Incubation phase.

Learnings

- Public awareness is important for this sector in order to broaden the horizon of investment avenues for investors.
- The concept of standalone SPE during the Sandbox testing period was prudent, but would not be feasible for an up-scale. The ability to keep issuing new classes of shares for each property or just holding multiple properties in the same SPE would be efficient both from a cost and business flow perspective.
- The property document custody with CDC provides Investors with the required protection.
- Investor protection and placing effective grievance mechanisms are vital.

Solution: Unified MF Digital Distribution Platform

INNOVATOR

INNOVEST TECH PRIVATE LIMITED
ORAAN TECH PRIVATE LIMITED
 (PLATFORM FOR WOMEN BY WOMEN)

Objective

A platform to provide a real-time and seamless journey for the investor. One-stop mutual fund distribution/investment platform offers:

- Unified and consolidated view of various investments opportunities in multiple mutual funds managed by different AMCs
- Provides a market overview and market profiles and funds and fund managers

Methodology

- Platform Basics
 - An all-inclusive distribution platform
 - Data protection ensure by keeping on a server
 - Client account security is ensured by enabling various security protocols such as OTP
 - The reliability and security of the platform are ensured by placing firewalls on various steps
 - Seamless connectivity for/with through APIs:
 - E-KYC
 - Funds and AMCs
 - Payment gateway
- Business Model
 - Sign up investors, perform e-KYC, and build an investor profile
 - Provide investment options to investors in accordance with their profile
 - Return comparison engine to provide comparative returns and a consolidated view of investments managed by various MFs across a cross-section of AMCs.
 - An investor can directly invest and divest in mutual funds payment can be directly made from and to their respective bank account against those units.

Performance

a) INNOVEST TECH PRIVATE LIMITED

Innovest Tech Private Limited has successfully integrated with the following

- NBP Funds
- NADRA to perform VERISYS
- Pakistan MNP Database (PMD) for phone number verification
- Return comparison engine
- Payment gateway
- Developing and integrating an e-KYC

b) ORAAN WEALTH PRIVATE LIMITED

Oraan Wealth	Number of Customers
Total Identified Target Audience was	4500
Wealth opened for	3058
Clicked on Oraan Wealth button	1115
started their Oraan Wealth application	835
Entered their personal details on the Wealth distribution platform	721
Entered their personal address and processed onto bank a/c verification page	700
Managed to pass their account verification page	450
Managed to submit their Oraan Wealth application to UBL	245
Oraan Wealth accounts confirmed and activated by UBL Funds	230
Accounts in funnel on end of testing day	200
Customers who made an additional investment till August	40
AUM till completion of testing	Rs.300,000/-
Number of members	230
Highest investment amount by one individual	Rs. 100,000/-

Learnings

- Limited time during the testing phase affected the financial viability of the product.
- Mutual funds fee structures don't leave much room for sharing with distributors, particularly in small ticket size business.

Solution: e-KYC With 3D Facial Biometrics

INNOVATOR

SAHAL SOFTWARE SOLUTIONS (PVT) LIMITED

Objective

One-stop shop for the full KYC process providing a centralized database by consolidating customer data.

Methodology

- Platform Basics
 - Cloud Based Platform that uses microservice architecture.
 - Advanced technologies like 3D facial biometrics, liveness check, Document Optical Character Recognition (OCR), and Digital Signature.
- Solution Feature
 - Provides Customer Facial Verification against customer ID document photograph and OCR
 - Gives customers the freedom to scale or descale according to their own requirements.

Performance

Sahal began its operations when it signed Khushali microfinance bank and CDC, both of which required specialized services such as boundary-restricted data storage and a very cost-conscious business style.

- 90%+ reduction in onboarding time as it's all digital and safe.
- 48% reduction in cost with the Compliance as a Service model.
- Mitigate the risk of identity fraud and Reduce customer abandonment.

Learnings

The product must learn to conduct multiple verifications for individuals possessing multiple accounts

- In addition to this following may be the areas where improvement and a lot of learning are required
- Cyber-security
- IP or ARP spoofing may become possible due to weak security.
- Facial spoofing may be possible using a modified printed live photo of the user
- Desire and need for espionage, making private organizations victims.

Solution: Digital Only Micro Takaful

INNOVATOR

FIRST DIGITAL TAKAFUL COMPANY (PRIVATE) LIMITED

Objective

Test business model and the digital solution/ application for medical, accidental, property, and vacation insurance to Experience the entire process, for a small size insurance entity, from policy issuance to policy servicing to claims settlement

Methodology

- Platform Basics
 - One-stop platform for the complete transaction of takaful items.
 - Seamless integration of all processes including sales, shipping, and payments.
 - Built as a Digital online Takaful products store.
- Business Model
 - The customers are onboarded through online application forms with in-built KYC.
 - Pay options online or cash is both available.
 - Takaful documents are sent to the client by text message or email when the policy has been issued digitally.
 - Claim submission electronically through a dedicated section on the website/application.
 - Claims payment to the consumer as per their preferred method of payment.
 - Claim process and payment time is 2 days.

Performance

STATEMENT OF CONTRIBUTION- FROM JANUARY 1, 2022 TO DECEMBER 31, 2022			
CLASS	CONTRIBUTION EARNED	RETAKAFUL CEDED	NET CONTRIBUTION REVENUE
HEALTH	9,267	8,338	929
PERSONAL ACCIDENT	217,631	217,631	0
TRAVEL	94	94	0
TOTAL	226,992	226,063	929

STATEMENT OF CLAIMS- FROM JANUARY 1, 2022 TO DECEMBER 31, 2022				
CLASS	CLAIMS PAID/PAYBLE	CLAIMS EXPENSE	RETAKAFUL CLAIMS RECOVERIES RECIVED	RETAKAFUL RECOVRED REVENUE
PERSONAL ACCIDENT	220,992	220,992	220,992	220,992
TOTAL	220,992	220,992	220,992	220,992

Learnings

- Testing of this model enabled a better understanding of:
 - Operations of digital-only model for micro insurance
 - Identification of suitable products that can be offered through digital-only models
 - Appropriate limits/ or caps are needed to be placed on the sum insured under various products
 - Identification of possible issues that may arise in the products and processes



REGULATORY EVALUATION BASED ON INSIGHTS & LEARNINGS

The Sandbox provides an opportunity for participants to gather real-world data, assess the viability of their innovations, and identify any necessary improvements or adjustments. The tests to date have provided SECP with valuable multifaceted insights regarding consumer risk identification product structuring as well as opportunities/gaps viz-e-viz Regulatory framework.

1. Takaful / Insurance Sector

Successful testing of the first full-fledged digital takaful company is a significant milestone in Pakistan's insurance industry. It enabled both the innovators and the SECP to gain insights into specific regulatory requirements for a full-scope digital takaful operator/digital insurer.

It has led to amendments in the regulatory framework for insurers, under Insurance Rules 2017, to accommodate the flexibility needed by digital insurance companies. Through S.R.O. 1513 (I)/2022, the entry requirements for digital insurers have been prescribed. These include a lower paid-up capital threshold and a framework for business conduct.

In terms of product development and creating depth, crop parametric insurance was tested. Before the testing of this product, the SECP broadly worked on the area yield index insurance under the proposed national crop insurance scheme. Throughout the testing phase, valuable insights were obtained regarding the potential implementation of this product on a larger scale and the necessary policy interventions that may be required.

2. Peer-to-Peer (P2P) Lending

Significance of P2P lending as an alternative financing option has the potential to empower individuals and small businesses, fostering financial inclusion and spurring economic growth. After rigorous testing in the Sandbox SECP was able to determine risk management protocols and data protection measures for building a regulatory framework.

SECP has notified the enabling regulatory framework of P2P lending through amendment in Non-Banking Finance Companies & Notified Entity Regulation 2008 through S.R.O. 807(I)/2022 dated 14th June 2022. This represents a major step towards diversifying the financial landscape and addressing the evolving needs of the market.

3. Mutual Fund Digital Distribution

The experience of digital distributors in the SECP RSB has been instrumental in the formulation of Guidelines in terms of disclosure requirements, the robustness of the technological platform, system security, risk management, governance requirements, review and monitoring, and conduct requirements.

The SECP issued guidelines to set out principles and requirements applicable

to mutual fund digital distribution platforms for Collective Investment Schemes (CIS) and/ or Voluntary Pension Funds (VPS). These guidelines apply to all licensed Investment Advisors and Securities Advisors in conducting their activities relating to order execution and/or advisory services in respect of the distribution of CIS/ VPS units through online platforms. Issues like record retention and grievance handling have also been addressed in the Guidelines.

4. Asset Fractionalization

Test in the RSB have been allowed with the aim to create an effective regulatory environment for this business model to flourish while ensuring investor protection. Testing the business model helped in building a conceptual framework for asset fractionalization, and identifying stumbling blocks including :

- Risks and benefits associated with allowing multiple decentralized AFPOs;
- Powers and role of the AFPOs considering dynamics or the local market and underlying assets to be allowed for fractionalization.

5. Regulatory Sandbox Administration

The learning outcomes of the RSB w.r.t to its own operation and management are also very valuable, as these help in

improving effectiveness and efficiency. Few RSB participants faced time constraints due to the delayed start of testing operations. With a limited time span available, it became challenging for them to achieve critical mass in terms of the number of investors and Assets Under Management (AUMs). As a result, these participants were unable to fully showcase the potential and effectiveness of their solution within the RSB.

To address impediments due to time limitations in future cohorts, it is essential that greater emphasis is placed by the innovators on data collection, analysis, and drawing meaningful conclusions about the real-world performance and potential impact of the solution in the incubation phase. Implementing measures such as allocating sufficient sufficient time for data gathering, and involving relevant stakeholders in the evaluation process will facilitate a more comprehensive understanding of the solution's efficacy.



sandbox@secp.gov.pk



<https://www.secp.gov.pk/regulatory-sandbox/what-is-regulatory-sandbox/>



SECP