

Technology Law Analysis

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RBI GREENLIGHTS ITS FINTECH REGULATORY SANDBOX! - APPLICATION WINDOW BEGINS NOVEMBER 15, 2019

The Reserve Bank of India (RBI), India's central bank, had earlier in August prescribed detailed guidelines and an **operational framework** on a regulatory sandbox to be set up in the fintech space. In a much-awaited move, the RBI **announced** on Monday that applications would be open from November 15 to December 15, 2019 for the first cohort of its regulatory sandbox. The theme for the first cohort is 'Retail Payments'. As an indicative list of categories for inclusion within this theme, the RBI has mentioned "mobile payments including feature-phone-based payment services"; "offline payment solutions" and "contactless payments" as potential categories. While the first two categories are geared towards the enhanced adoption of digital payments across societal strata, the third is intended to enable small ticket payment transactions. Experimentation and testing of new products and services is likely to commence in the first half of 2020, as per media and industry sources.

The RBI has laid down various eligibility criteria for sandbox applicants, including:

- The applicant should be a company incorporated and registered in India or a bank licensed to operate in India. Financial institutions constituted under a statute in India would also be eligible.
- The applicant entity shall have a minimum net worth of INR 25 lakh (approx. USD 35,000) as per its latest audited balance sheet.
- The promoters and directors of the entity should be 'fit and proper' as per the enumerated criteria.

NDA had analysed the draft regulatory sandbox framework in its **hotline** dated May 16, 2019.

— Aaron Kamath & Jaideep Reddy

You can direct your queries or comments to the authors

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