

RBI REGULATORY SAND BOX SCHEME

Posted at: 04/03/2024

Context:

Reserve Bank of India revised the guidelines for the Regulatory Sandbox (RS) scheme.

Background:

Updated framework requires sandbox entities to ensure compliance with provisions of the Digital Personal Data Protection Act, 2023.

About Regulatory Sandbox (RS) scheme :

1. The Regulatory Sandbox (RS) scheme is an initiative by the Reserve Bank of India (RBI).
2. It involves live testing of new financial products or services in a controlled regulatory environment with potential relaxations for testing purposes.
3. It allows regulators, innovators, financial service providers, and customers to test new financial innovations, collecting evidence on benefits and risks.
4. The objective of the Regulatory Sandbox (RS) is to foster responsible innovation in financial services, promote efficiency, and bring benefit to consumers.
5. Fintech companies, startups, banks, financial institutions, and other entities partnering with or supporting financial services businesses are eligible to participate in the RS.
6. The RBI has recently extended the RS timeline from seven months to nine months.
7. RS scheme Participants must ensure compliance with provisions of the Digital Personal Data Protection Act, 2023.

