FINANCIAL TECHNOLOGY REGULATORY SANDBOX

PLAYBOOK

A Practical Guide for Industry Applicants

2026 EDITION · VERSION 1.0

Supplements the BNM Policy Document on Financial Technology Regulatory Sandbox Framework (29 February 2024)

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Your guide to navigating this Playbook

01 What this Playbook is for?

Your starting point for navigating the Sandbox

This Playbook is a practical guide for prospective applicants interested in participating in Bank Negara Malaysia's (BNM) Financial Technology Regulatory Sandbox (the Sandbox).

It is designed to help you understand what to expect and how to prepare. While this Playbook provides helpful guidance, it does not replace **BNM's official Policy Document**, which sets out the full regulatory requirements.

What you'll find in this playbook

- What BNM looks for when assessing Sandbox applications
- The two tracks for participation: **Standard Sandbox** and **Green Lane**
- Common gaps in applications and tips to address them
- Key safeguards you should have in place before testing begins
- How the Sandbox differs from the Digital Asset Innovation Hub (DAIH)
- Practical insights from FAOM on how to get the most out of the Sandbox

We encourage you to use this Playbook to assess your readiness before submitting your application.

FAOM'S ADVICE

While BNM sets out regulatory expectations, FAOM helps fintech companies interpret those expectations from a commercial and process perspective to identify the fundamental barriers and assist in proposing an approach to overcome them and meet those expectations.

02 What is the Sandbox and do I need it?

Understanding the purpose and when you should apply

The Sandbox is a **structured, time-limited programme** that allows financial innovators to **test new financial products and services with genuine regulatory impediments in a live environment**.

Test New Areas

Prove your concept in the market before committing to a full regulatory authorisation process

Regulatory Flexibility

BNM may grant specific regulatory relaxations to enable testing — where justified by the innovation

Direct Engagement

Work directly with the BNM team throughout the testing period

Is the Sandbox right for your solution?

Use this flow chart as a quick self-check to determine whether the Sandbox is the right pathway for your solution.

1. Innovative to the Malaysian financial sector?
   - **NO** → *Sandbox is not suitable*
   - **YES** ↓
2. Deployable under existing regulatory/licensing frameworks?
   - **YES** → *Follow existing regulatory pathway(s)*
   - **NO** ↓
3. Clear regulatory impediment preventing deployment?
   - **NO** → *Sandbox is not suitable*
   - **YES** ↓
4. Sufficient resources or a credible plan to secure resources for testing?
   - **NO** → *Develop further before applying to the Sandbox*
   - **YES** ↓
5. Ready to test with real customers and safeguards?
   - **NO** → *Develop further before applying to the Sandbox*
   - **YES** → Sandbox may be suitable for your solution

03 Two Participation Tracks

Understand which track applies to your organisation — this is your first decision

Before applying, identify your track. The 2024 Financial Technology Regulatory Sandbox Framework (the Framework) introduced two distinct tracks for Sandbox participation — understanding which applies to your organisation is the critical first step.

	STANDARD SANDBOX	GREEN LANE
Eligible Applicants	Fintech companies & all financial institutions	Licensed financial institutions with a strong track record in risk management, governance & compliance *Fintech companies may participate through collaboration with qualifying financial institutions*
Intake	Open, rolling intake year-round	Twice yearly in January and July
Stage 1 Prototype	Semi-functional prototype (or deployable within 3 months)	Not required — replaced by track record demonstration
Stage 2 Prototype	Fully functional prototype required before testing	Fully functional prototype required before testing
Process	Two-stage: Eligibility assessment then readiness assessment	Single Green Lane qualification + solution registration (≥15 working days before test date)
Customer Limit	Determined as part of the approved testing parameters, based on the scale and risk profile of the proposed solution	Up to 20,000 customers (extendable with BNM approval)
Time to Testing	4 to 8 months, subject to applicant's readiness and complexity of proposal	Within 30 working days — once qualified, register each new solution separately
Regulatory Relief	Assessed and granted per solution through formal review	Reliefs listed in registration deemed granted if BNM raises no objection

04 Standard Sandbox Journey

Standard Sandbox

The Standard Sandbox follows a structured **end-to-end journey** from application to exit. Each phase has specific requirements — this Playbook walks you through all of them.

Each phase builds on the previous one — your use case, test design, risk controls and operational readiness must come together as a coherent, end-to-end proposal.

Pre-Application	Stage 1	Stage 2	Stage 3	Post-Testing
SUBMISSION READINESS	**ELIGIBILITY ASSESSMENT**	**READINESS ASSESSMENT**	**LIVE TESTING**	**EXIT & GRADUATION**
Submit proposal with semi-functional prototype & initial risk assessment	BNM reviews against 5 eligibility criteria & notifies outcome	Agree test scope, parameters, safeguards & reporting requirements	Deploy within agreed parameters. Regular BNM reports & monitoring	Graduate to full licence, extend testing, or execute orderly wind-down
Applicant-driven	~3-8 weeks	~3-6 months	12 months	Post-testing review and decision

BNM's GUIDANCE

Before you apply, we encourage you to use this Playbook as a self-check before submitting your application. You may also complete the **Sandbox Interest Questionnaire (IQ)** on our website and reach out early to BNM's Sandbox team to (i) identify gaps in your proposal; (ii) strengthen your submission; and (iii) avoid delays during the assessment process.

FAOM'S ADVICE

Prospective applicants are encouraged to seek guidance from FAOM's pre-screening and mentorship programme as a bridge between industry and policy to assess the suitability and readiness of their business model for the Sandbox. Refer to **https://fintechmalaysia.org/mentorship/**.

05 Standard Sandbox: Pre-Application — Submission Readiness

What is this phase

You initiate the process by completing the Sandbox IQ. If your application is considered fit for the Sandbox, you should then submit a formal application to BNM via fintech@bnm.gov.my. There is no fixed intake window — applications are accepted on a rolling basis throughout the year.

Strong applications go beyond descriptions — clearly demonstrate and substantiate your claims, where possible, and ensure you are ready to test (not at ideation stage) before applying.

What you need to submit

1. **Description of your solution & the regulatory barrier it faces**

   Be specific. Name the exact provision or regulatory requirement creating the impediment — don't just say 'regulatory uncertainty'.

2. **Semi-functional prototype (or ability to produce one within 3 months)**

   This demonstrates your technical readiness. At minimum, BNM expects you to develop sufficient materials to demonstrate and validate the core functionality and user journey of your solution. Refer to Appendix III of the Framework for further information on this.

3. **Initial risk assessment**

   Outline the key risks (e.g. credit, conduct, operational, cybersecurity, data protection, financial, AML/CFT/CPF) and your suggested approach to managing them. Avoid generic statements such as '*we will manage all risks*'.

4. **Business plan & commercialisation pathway**

   Show that your solution has a viable path beyond the Sandbox — BNM wants to support innovations with real potential.

✕ Weak Submission

- Says 'we face regulatory uncertainty' without naming a specific requirement
- Risk section is a generic list with no analysis
- No materials to visualise core user journey

✓ Strong Submission

- Clearly identifies the specific BNM regulation preventing deployment
- Risk assessment is product-specific with likelihood, impact and mitigation
- Clearly articulates the solution concept, including core user journey and workflow

FAOM’S ADVICE

Most applications fail before BNM’s assessment — they fail on process. Your application is a product in itself. Assign a dedicated owner, allocate 3 months minimum, and treat it with the same rigour as your technology development and commercialisation pathways.

06 Standard Sandbox: Stage 1 — Eligibility Assessment

Standard Sandbox Stage 1 (Paragraphs 6.2-6.4 of the Framework)

What BNM is doing

BNM reviews your application against **five eligibility criteria**. During the assessment, we may request additional information where needed. Complete and clear submissions help facilitate a timely assessment. Once sufficient information has been obtained, BNM will communicate the outcome.

The 5 eligibility criteria

01

Regulatory Impediment

There must be a genuine regulatory barrier under BNM's purview — not just uncertainty — preventing you from deploying under existing rules.

✓ Clearly identifies the specific section of FSA/IFSA/BNM policy document and explains why it prevents deployment of the solution

✗ Says 'we're unsure if we need a licence' — uncertainty ≠ impediment

02

Value Proposition

Your solution must clearly demonstrate potential to improve accessibility, efficiency, security or quality of financial services.

✓ Explains how the proposed solution addresses a market gap or customer pain point

✗ Vague claim: 'will improve financial inclusion' without clearly explaining how or for whom

03

Business Readiness

Semi-functional prototype (or deployable within 3 months). Realistic business plan and adequate financial runway over the next few years.

✓ Solution concept and workflow demonstration, multi-year financial projections, clear funding sources

✗ No materials to demonstrate solution concept, no financial projections, unclear funding sources

04

Risk Management

Product-specific risk register covering, for example but not limited to credit, liquidity, financial crime, operational, cybersecurity and consumer risks.

✓ Each risk has likelihood, severity, owner, mitigation, monitoring threshold

✗ Generic corporate risk policy copy-pasted — not tailored to the proposed product

05

Fit-and-Proper

Key management personnel must demonstrate integrity, competence and no adverse regulatory or financial crime history.

✓ CVs of all key decision-makers demonstrating relevant experience and competence

✗ Only the CEO's bio provided

✓ Good practice ✗ Common gaps

07 Standard Sandbox: Stage 2 — Readiness Assessment

Standard Sandbox Stage 2 (Paragraphs 6.5-6.8 of the Framework)

What is this phase

After passing eligibility stage, you now work with BNM to **finalise the design of your test**. This is an iterative, collaborative process — expect formal engagement sessions and multiple rounds of clarification. The key output is an agreed test design.

What you need to produce

Fully Functional Prototype

No longer semi-functional. This should be a working version of your solution that runs end-to-end with real users and transactions, even if some integrations or scaling are still being refined.

Agreed Test Scope

Define exactly which hypothesis you're testing, the user segment, transaction types, geography and success metrics. Vague scope leads to vague outcomes.

Test Parameters

Document customer limits, transaction caps, eligible user criteria, and testing duration. BNM needs to know the boundaries.

Safeguards Plan

Details on how you will protect customers and the financial system throughout testing, including your approach to managing customer data and executing an orderly wind-down if testing is discontinued. See Section 08 for minimum safeguard requirements.

Reporting Requirements

Agree on the frequency, format, and content of progress reports to BNM during live testing.

✕ Poorly Designed Test

- Test scope is 'pilot our product with users' — no hypothesis
- No defined success thresholds — BNM can't determine if it worked
- KPIs only track sign-ups, not outcomes for customers

✓ Well-Designed Test

- Test has clear and measurable objective: 'We aim to reduce loan rejection time to <24 hours for SMEs with revenue <RM500K'
- Defines exactly what constitutes success and failure
- KPIs tied to consumer benefit, not just adoption numbers

FAOM'S ADVICE

Design all testing to generate sufficient and relevant qualitative evidence that would convince a sceptical regulator — not just your own team. BNM requires metrics that distinguish genuine consumer benefit and safety against novelty of a new product.

08 Standard Sandbox: Stage 2 — Minimum Safeguards Required

Standard Sandbox Stage 2 (Paragraphs 6.5-6.8 of the Framework)

Safeguards must be proportionate to your test's scale and risk profile. A test with 500 customers is held to a different standard than one with 10,000.

CONSUMER PROTECTION

- Clear product disclosures and customer suitability assessments before onboarding
- Accessible complaints handling with defined resolution timelines
- Documented wind-down plan if the Sandbox is revoked or company exits market

DATA PROTECTION

- Secure data collection, storage and processing per Personal Data Protection Act 2010
- Documented data governance policies
- Third-party vendor data handling controls

FINANCIAL CRIME CONTROLS

- Risk-based Customer Due Diligence measures aligned with BNM's AML/CFT/CPF guidelines
- Transaction monitoring with defined red-flag criteria
- Clear Suspicious Transaction Report escalation and reporting mechanism
- Designated AML/CFT/CPF compliance officer
- Effective implementation of Targeted Financial Sanctions including sanctions screening

OPERATIONAL RELIABILITY

- Defined service levels (e.g. system availability, transaction processing time) for core product functions
- Incident response procedures and BNM notification obligations for material incidents
- Business continuity arrangements proportionate to testing scale
- Where technologies such as AI are used, adequate safeguards (e.g. model validation) should be in place

FINANCIAL SOUNDNESS

- Sufficient funds to cover the full testing period and support orderly post-testing exit from the Sandbox
- Ability to fulfil obligations to consumers, including providing compensation or redress should the need arise
- Minimum 12-month operating runway at point of entry

CYBERSECURITY

- Technology risk assessment covering system architecture, data flows & third-party integrations
- Security controls for systems and customer data (e.g. encryption, authentication and access management)
- Security testing and incident response procedures before and during live testing

BNM’s GUIDANCE

The safeguards listed are not exhaustive. Applicants are expected to refer to BNM’s official policy documents and website, and consult their regulatory advisors (e.g. lawyer, consultant) as needed.

09 Standard Sandbox: Stage 3 — Live Testing

Standard Sandbox Stage 3 (Paragraphs 10.1-10.4 of the Framework)

What is this phase

Your solution is now deployed with real customers within the agreed scope and parameters for a period of 12 months. This is not a soft launch — testing must be conducted with the same discipline as a full commercial deployment. BNM may revoke the Sandbox approval at any time if material adverse developments arise during testing.

Your obligations during live testing

Regular Progress Reports

Submit periodic reports to BNM covering performance against agreed KPIs, emerging risks and issues, operating environment changes, and financial position updates. Frequency is agreed at pre-testing stage.

Material Incident Escalation

Escalate significant incidents (consumer harm, major operational failures, compliance breaches) to BNM promptly. Do not wait for the next scheduled report.

Stay Within Agreed Parameters

Any significant deviation from approved test parameters — including customer limits, transaction caps, or product features — requires BNM's prior written consent.

Consumer Protection in Action

All agreed safeguards must be active from day one. Your exit plan must be ready to execute at any point.

✕ Common Mistakes in Live Testing

- Reports are superficial — just metrics without analysis
- Material issue discovered in next scheduled report rather than escalated promptly
- Product features quietly expanded beyond agreed scope without BNM approval

✓ Good Practice in Live Testing

- Reports filed on time with substantive analysis of KPI performance
- BNM is notified within 24 hours when a material incident occurs
- BNM consulted proactively when approaching parameter thresholds

FAOM'S ADVICE

Proactive, consistent communication with BNM results in superior outcomes. Set monitoring thresholds conservatively and report periodically — it is far better to practice transparency with BNM and notify them of both the potential issue and the proposed solution for mitigating the issue for BNM's review.

10 Standard Sandbox: Post-Testing — Exit & Graduation

Standard Sandbox (Paragraphs 9.1-9.8 of the Framework)

What is this phase

At the end of your testing period, BNM assesses three things: (i) have test objectives and success metrics been achieved? (ii) have risks been adequately managed? (iii) is there a viable path to commercialisation? BNM then determines the appropriate post-testing outcomes following the completion of testing.

Three possible outcomes

GRADUATE

Proceed to full licensing or regulatory authorisation. BNM confirms that your solution meets requirements and supports your transition to the applicable regulatory or authorisation framework.

EXTEND

Continue testing under revised or extended parameters. Typically, where the idea shows promise, but more evidence is needed, or parameters need adjustment.

Extension requests must be submitted at least 30 calendar days before test expiry, together with the justification and additional time required. Extensions are generally granted only where the solution has demonstrated positive results and further testing is needed to address specific issues or risks identified during testing.

EXIT

Wind down testing in an orderly manner. Consumer protection measures are activated.

Planning for Post-Sandbox Authorisation

- BNM expects you to begin planning your post-Sandbox authorisation pathway from the first month of testing — not at graduation.
- Graduation and full licensing/authorisation are distinct processes. Graduating from the Sandbox does not automatically grant you a licence.
- Companies that start their authorisation planning early consistently achieve faster licensing timelines.

FAOM'S ADVICE

Investors and potential partners need to understand your path from the Sandbox to full commercialisation, including how customers and their data will be protected if the business ceases operations upon exit from the Sandbox. Develop a clear post-Sandbox plan from Day 1 and be ready to discuss it with both BNM and external stakeholders.

11 Green Lane

Track for licensed financial institutions with strong track records (Paragraphs 7.1-7.26 of the Framework)

What is the Green Lane

The Green Lane is an accelerated pathway that compresses the first two Standard Sandbox stages (Eligibility + Readiness Assessment) into a single qualification step. Once qualified, institutions can register multiple solutions for testing without repeating the full review each time.

Who qualifies

Licensed financial institutions that demonstrate a strong track record across:

- Credit risk management
- Operational risk management
- Technology and cybersecurity risk management
- AML/CFT/CPF compliance
- Consumer fairness and data privacy standards

Key differences from Standard Sandbox

DIMENSION	STANDARD SANDBOX	GREEN LANE
Qualification step	Two-stage process (Eligibility + Readiness)	**Two-stage process (Qualification Assessment + Solution Registration)**
Intake	Rolling, year-round	**Twice yearly — January & July cohorts**
Regulatory flexibility	Formally assessed per solution	**Deemed granted at solution registration unless BNM objects**
Customer limit	Determined as part of the approved testing parameters, based on the scale and risk profile of the proposed solution	**Up to 20,000 (may be increased with BNM approval)**

What STILL applies in Green Lane:

Phases 4 & 5 are identical: Live testing obligations, progress reporting, safeguard requirements, exit and graduation process — all remain the same as Standard Sandbox.

Fintech companies may participate in Green Lane projects through collaboration with a qualifying financial institution — via outsourcing, joint venture, or equity arrangements — subject to BNM's approval.

12 Industry Insights

Tips from industry association and past participants

What is this about

This section shares FAOM's candid perspectives on the practical realities of Sandbox participation — drawn from the collective experience of FAOM's membership, including current participants and graduates.

1 Making the Most of the Sandbox

Companies that extract the most value treat the Sandbox as a genuine learning exercise — not a compliance hurdle. Use the testing period to sharpen risk management, build compliance capacity, and develop institutional relationships that extend beyond graduation.

2 Investor and Fundraising Considerations

Sandbox approval signals credibility and accelerates investor due diligence — particularly with strategic investors (banks, corporates). Prepare a Regulatory Roadmap Deck. Ensure minimum 18-month operating runway. Regulatory capital requirements at licensing are frequently underestimated.

3 Governance and Compliance as Competitive Advantage

FAOM members who invested early in compliance capability, risk management, and board governance structures consistently achieved faster authorisation timelines and attracted institutional partners more readily. Build these foundations during testing — not after graduation.

4 Competition and Scalability After the Sandbox

Narrow technology advantages erode quickly. Build durable advantages: proprietary data, customer relationships, network effects. Distribution is often the binding constraint — invest in B2B2C partnerships early. Compliance talent is genuinely scarce: begin hiring during testing.

1 Making the Most of the Sandbox

The Sandbox offers something rare: a structured opportunity to test a novel financial product in a live environment with direct regulatory engagement. Companies that extract the most value treat the Sandbox as a genuine learning exercise — not merely a compliance step. The most successful participants use the testing period to sharpen risk management, build compliance capacity, and develop institutional relationships that extend beyond the Sandbox.

12 Industry Insights

Tips from industry association and past participants

2 Investor and Fundraising Considerations

Sandbox approval is a meaningful market signal. FAOM members consistently report it accelerated due diligence conversations — particularly with strategic investors such as financial institutions and corporates who understand the regulatory landscape. That said, some institutional investors remain cautious about companies not yet fully licensed. Practical recommendations:

- Prepare a clear regulatory roadmap for investor communications – including timeline, graduation criteria and post-Sandbox authorisation pathway.
- Target strategic investors with the regulatory literacy to assess the Sandbox risk appropriately.
- Plan capital requirements for full authorisation well in advance — regulatory capital requirements at licensing are frequently underestimated.
- Ensure a minimum 18-month operating runway before entering the Sandbox — ideally 24 months.

3 Governance and Compliance as Competitive Advantage

Strong governance and compliance infrastructure are commercial differentiators, not merely regulatory obligations. FAOM members who invested early in compliance capability, risk management processes, and board governance structures consistently achieved faster authorisation timelines and attracted institutional partners more readily. Build these foundations during testing — not after graduation.

4 Competition and Scalability After the Sandbox

Sandbox graduation is a milestone, not the finish line. Malaysia's fintech market has matured significantly, and graduates now compete against well-capitalised incumbents and regional digital platforms. Key observations:

- Narrow technology advantages erode quickly — build durable competitive advantages: proprietary data, customer relationships, network effects.
- Distribution is frequently the binding constraint, not technology — explore B2B2C partnership models with established financial institutions early.
- Compliance talent is genuinely scarce in Malaysia — begin building your compliance function during testing, not at graduation.
- Regional expansion should follow, not precede, commercial stability in Malaysia — bilateral BNM frameworks with regional regulators may require 12-18 months to activate.

12 Industry Insights

Tips from industry association and past participants

Case Studies: Voices from Past Participants

CASE STUDY 1 OF 3

Anonymised Fintech — e-KYC for Digital Remittance

Standard Sandbox • Entered 2017 • Graduated 2019 with full licensing

Track	Prep Time	Testing	Outcome
Standard	~9 months	~24 months	Extended; Graduated

The Challenge

The most significant hurdle was not regulatory but commercial credibility: the company struggled to win customers and open banking relationships, as the market then (in 2017) viewed Sandbox participants as a short-term experiment rather than a serious, lasting player. As the business scaled, transaction monitoring required far more intensive attention than the team had anticipated at the outset.

Compliance & Approach

The team hired experienced compliance managers from the market and built its compliance and data platform from the ground up. This gave significant flexibility to automate regulatory reporting — BNM's oversight requirements were ultimately manageable and reasonable given this investment.

Outcome & Impact

- Extended once before fully graduating with full licensing — 24-month journey from entry to graduation.
- Fundraising and partnership impact: Investors and institutional partners need to be aware of limitations of the sandbox duration up front and expectations managed accordingly.

MOST IMPORTANT ADVICE

"Be clear of your objectives and what you want to get out of the whole process, and ensure that all stakeholders are aligned and aware of the risks involved."

— Anonymised Sandbox Graduate, E-KYC / Digital Remittance

12 Industry Insights

Tips from industry association and past participants

Case Studies: Voices from Past Participants

CASE STUDY 2 OF 3

Anonymised Fintech — Digital Insurance Brokerage & Distribution

Standard Sandbox • Approved late 2017 • Tested for 3–4 years

Track	Prep Time	Testing	Outcome
Standard	~12 months	3-4 years	Graduated; Financial Adviser licence

The Challenge

Eligibility criteria and BNM's reporting requirements presented no major hurdles. The real test was client readiness: as the first third party to integrate with general insurers for online motor and travel insurance, the company found API integration took far longer than expected, and unstable APIs led to high customer drop-off rates during the live testing phase.

Compliance & Approach

The company reported no issues meeting BNM's compliance and reporting obligations throughout testing, with no areas of its safeguards requiring more attention than anticipated — a smoother compliance journey than many peers, in part reflecting a less operationally complex testing footprint.

Outcome & Impact

- Successfully graduated the Sandbox and is now in the process of securing a full Financial Adviser (FA) licence.
- Sandbox approval was a key part of the narrative in successfully raising the company's Series B funding round — a clear, positive fundraising signal.

> **MOST IMPORTANT ADVICE**
>
> *"Validate how technically ready your future clients and partners are to engage. In our case, the Sandbox approval enabled us to be the first mover in our space — but any future first mover from the Sandbox should test partner readiness before committing to that path."*
>
> **— Anonymised Sandbox Graduate, Digital Insurance Brokerage**

12 Industry Insights

Tips from industry association and past participants

Case Studies: Voices from Past Participants

CASE STUDY 3 OF 3

Anonymised Fintech — Digital Family Takaful

Standard Sandbox • Entered August 2023, extended to 2025

Track	Prep Time	Testing	Outcome
Standard	~12 months	3-4 years	Redirected to DITO Licensing Framework

The Challenge

The company chose to hold itself to IFSA-equivalent (full-licence) standards throughout testing — a deliberate, demanding decision. Risk management and compliance were the most demanding eligibility criteria, with the binding constraint being talent: recruiting people with both takaful-specific regulatory experience and tolerance for an early-stage environment, while standing up frameworks to near-full-licence rigour pre-revenue.

Compliance & Approach

BNM's oversight was manageable and proportionate; the real challenge was resourcing compliance to full-licence standard at test-stage volumes. The team addressed this by automating reporting, onboarding, and controls — substituting technology for headcount wherever the rules allowed. Consumer protection and e-KYC / AML / fraud controls required continual tuning as volumes scaled.

Outcome & Impact

- When the DITO (Digital Insurer and Takaful Operator) Licensing and Regulatory Framework was introduced during testing, the company pivoted to this purpose-built licensing pathway, transitioning its in-force book through an orderly BNM-supervised run-off.
- Sandbox participation was materially positive for fundraising: a regulator-supervised track record moved investor conversations from concept to evidence. Testing delivered 9,100+ e-KYC onboardings, 2,148 certificates issued, ~71,000 app installs, and persistency improved from ~70% to ~90% over two years, supported by Swiss Re retakaful and EY-audited financials.

MOST IMPORTANT ADVICE

"Stay agile on regulation, and protect both capital and focus. The Sandbox is a means, not an end: design for more than one outcome and hold a capital buffer so the test is not also an existential fundraise. The Sandbox should validate the business, not consume it."

— Anonymised Sandbox Graduate, Digital Family Takaful

13 Frequently Asked Questions

Quick answers for first-time applicants

Q Can a foreign company apply without a Malaysian-incorporated entity?

No — you'll need a Malaysian-incorporated entity (or a local subsidiary with real operations, not just a registration) before applying.

Q Is there an application fee?

No — applying to the Sandbox is free.

Q Can a fintech company access the Green Lane directly?

Not directly. The Green Lane is for licensed financial institutions. Fintechs can still participate by partnering with a qualifying institution (e.g. via collaboration or joint venture), subject to BNM's approval.

Q Does Sandbox participation guarantee a path to full authorisation?

No — graduating the Sandbox and full regulatory authorisation are separate processes. The Sandbox helps you build a strong track record, but it does not replace the need to meet full licensing requirements.

Q What happens if my company runs out of funding during testing?

You must inform BNM early. Depending on the situation, testing may continue, pause, or wind down — but your consumer protection obligations (e.g. exit plan) must still be carried out.

Q Can I apply to BNM's Sandbox and the Securities Commission Malaysia's Sandbox simultaneously?

Yes — if your solution spans across both regulators. BNM and the SC have coordination mechanisms in place, so you should engage both in parallel and be transparent about your application.

BNM's GUIDANCE

Further FAQs may be found on our website at **https://www.bnm.gov.my/sandbox**. For any questions not addressed here, you may contact BNM's Sandbox team at **fintech@bnm.gov.my** directly.

FAOM'S ADVICE

If the legal or regulatory wording feels hard to understand, FAOM can help break it down into practical guidance. Reach out to industry experts via FAOM's mentorship programme at **https://fintechmalaysia.org/mentorship/**.

14 Financial Technology Regulatory Sandbox vs Digital Asset Innovation Hub (DAIH)

Two distinct BNM innovation platforms — choose the right one for your use case

BNM operates two separate innovation environments. If your solution involves digital assets, tokenisation, or stablecoins, read this carefully.

DIMENSION	REGULATORY SANDBOX	DAIH SANDBOX
Purpose	Test fintech solutions needing regulatory flexibility under BNM's financial services framework	Co-create & pilot digital asset innovations: tokenisation, stablecoins & digital currencies
Launched	October 2016 (revised February 2024)	June 2025
Scope	Broad — payments, lending, wealth management, insurance, open banking & more	Focused — ringgit stablecoins, tokenised deposits, tokenised financial instruments
Who Can Apply	Fintech companies & financial institutions (Standard); licensed financial institutions (Green Lane) *Fintech companies may participate in Green Lane through collaboration with qualifying financial institutions*	FIs, technology providers & industry participants via DAIH engagement
Tracks	Standard Sandbox (all eligible entities) & Green Lane (licensed financial institutions only); contact BNM's Regulatory Sandbox team at **fintech@bnm.gov.my**	Suitability assessment and engagement-based; contact BNM's DAIH team directly at **dainnohub@bnm.gov.my**
Customer Focus	Retail & business customers	Wholesale & institutional — not primarily retail-facing
Key Use Cases	e-KYC, income estimation models, AI for fraud mitigation, personal financial management tools, motor insurance and usage-based models, IoT and other alternative data sources	Ringgit stablecoins, tokenised bank deposits, supply chain finance, treasury and liquidity management, Islamic finance use cases
Outcome	Graduate to full licence / authorisation, extend testing, or exit	Inform BNM policy on digital assets; potential pathway to a formal digital asset regulatory framework

BNM's GUIDANCE

The DAIH follows BNM's 2025–2027 digital asset tokenisation roadmap and is fully distinct from the Financial Technology Regulatory Sandbox. Interested companies are encouraged to refer to the DAIH website at **https://bnm.gov.my/DAIH** to determine whether their proposals are aligned with BNM's policy priorities on digital assets and tokenisation.

15 Resources for Applicants

Everything you need to prepare and submit your Sandbox application

Ready to Apply?

Here's your checklist before you hit send:

- [ ] Confirm your track — Standard Sandbox or Green Lane?
- [ ] Identify the specific regulatory impediment (not just uncertainty)
- [ ] Build or demonstrate your semi-functional prototype
- [ ] Draft a product-specific risk register (not a generic policy)
- [ ] Prepare a realistic business plan with financial projections
- [ ] Assign a dedicated application owner and allocate sufficient resources for application preparation
- [ ] Pre-screen with FAOM for early guidance before submission
- [ ] Pre-application engagement with BNM for final comments before submission

Get in touch

Bank Negara Malaysia

BNM Regulatory Sandbox

Sandbox applications, pre-application consultations, and Green Lane enquiries

Website: www.bnm.gov.my/sandbox

Email: fintech@bnm.gov.my

The Framework contains the definitive requirements for Sandbox participation and is available on BNM's website.

Fintech Association of Malaysia (FAOM)

Industry Support for Sandbox Applicants & Participants

Pre-application advisory, peer-learning, investor introductions & member networking

Website: fintechmalaysia.org/mentorship

Email: office@fintechmalaysia.org

FAOM supports fintech companies and financial institutions as a bridge in their Sandbox journey, including pre-application advisory, access to a peer network of Sandbox graduates, and investor introductions. Both members and non-members are welcome for initial advisory consultations.

This Playbook is for industry reference only. Always refer to the official BNM Financial Technology Regulatory Sandbox Policy Document (29 February 2024) for binding requirements.