

BANK OF PAPUA NEW GUINEA

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BPNG Fintech Sandbox Application

**Document Control**

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# Introduction

The Bank of Papua New Guinea (BPNG) plays a pivotal role in the country's economic stability and development. As the central bank, our role is to safeguard the integrity of the financial system.

Additionally, we are tasked with actively supporting financial inclusion initiatives to enhance access to banking services to drive economic empowerment and poverty reduction throughout the nation.

The financial sector worldwide is experiencing rapid technological advancements, and Papua New Guinea (PNG) is no exception. To keep up with these changes, BPNG needs to adapt regulations and policies accordingly. We need to gain insights into emerging financial technology (fintech) trends, assess associated risks, and develop appropriate regulatory frameworks that balance innovation with consumer protection and financial stability.

Stimulating innovation within PNG's financial industry is a key driver for this Sandbox, allowing local and international fintech firms and startups to test and develop new products, services, or business models in a controlled environment. We encourage experimentation aimed at addressing the specific needs and challenges of PNG's economy and population.

PNG faces specific and unique challenges to financial inclusion. Up to 85 percent of the population lacks access to formal financial services and lives in rural and remote locations. The Sandbox aims to help bridge this gap by encouraging the development of solutions like mobile banking, digital payments, or microfinance that can provide well-targeted and welfare-improving services to the unbanked population, and particularly women and youth in remote locations.

The Sandbox also acts as a catalyst for foreign investment and collaboration in the PNG financial sector by providing this supportive environment to help attract international solution providers interested in testing and deploying their innovative solutions here.

While innovation brings opportunities, it also carries risks. The Sandbox allows BPNG to closely monitor and assess these risks within a controlled environment. By collaborating with fintech firms, BPNG will work collaboratively with solution providers to develop and right-size safeguards that protect consumers, ensure data security, and maintain the integrity and stability of PNG's financial system while still promoting innovation and diversification.

# Instructions

Applicants are to read the following instructions before assessing the questions and providing the required answers in this application form.

## Applicants are to **submit their application by email to** **sandbox@bankpng.gov.pg with ‘Sandbox application and [name of Applicant]’ in the subject line**.

## Applicants are advised to retain a copy of their submission for their records.

## The completeness and clarity of the information provided in the application will determine the time taken for BPNG to review your Sandbox application.

## Forms shall be completed using computerised text to ensure legibility.

## Applicants are expected to read and familiarise themselves with relevant BPNG regulations before submitting their application, including:

1. Banks and Financial Institutions Act 2000 and Prudential Standard BPS253: Customer Due Diligence Standards (Issued under Section 27 of The Banks and Financial Institutions Act 2000)
2. Anti-Money Laundering and Counter Terrorist Financing Act 2015
3. National Payments System Act 2013 (No. 10 of 2013, certified on 19 September 2013)
4. Criminal Code (Money Laundering and Terrorist Financing) (Amendment) Act 2015 – certified in 2016
5. All regulations are available on the Sandbox webpage and on request via email.

Supporting Documents Checklist:

* Completed all relevant sections of this document
* Additional information where Applicants feel it may be relevant or helpful for BPNG to review
* Passport/ID copy of each key individual
* Your business model – as part of your response to ‘Local Deployment Capability & Intent’.

# Organisation Particulars

|  |  |  |
| --- | --- | --- |
| Organisation Name: |  | |
| Organisation Address: |  | |
| Organisation Telephone: |  | |
| Country of Incorporation: |  | |
| Authorised Contact Name: |  | |
| Designation: |  | |
| Email: |  | |
| Phone: |  | |
| Briefly state what your product does and how it will benefit from testing in the Sandbox process: |  | |
|  |  |  |
|  |  |  |

# Organisation Attributes

The following are the key questions that address the organisation attributes for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. What is nature of your organisation and its core business?

A.

Q. What is the current financial standing of your organisation including any funding raised by investors specifically for this product?

A.

Q. What specific business domain knowledge and experience does your organisation have with this, or similar products?

A.

Q. Are you a women-led business? Please provide information about gender and inclusive leadership in your organization.

A.

# Investment Brief

The following are the key questions that address the investment brief for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. Provide the name and a brief description of your proposed concept to be tested in the Sandbox

A.

Q. What is the problem that your product is addressing for PNG?

A.

Q. Who specifically is your product aimed at benefiting?

A.

Q. Does your product directly or indirectly address gender and inclusion? Please provide details.

A.

Q. What are the key business drivers underpinning your product. Why is it needed in PNG?

A.

Q. Assuming its success, describe the future state objectives your product will have delivered for PNG?

A.

Q. List the benefits to PNG that will result from meeting the future state, along with their associated measures/metrics.

A.

Q. Describe the changes, that is what will be required to be done differently, to successfully deliver the stated benefits.

A.

Q. Describe what enablers (assets, funding, resource etc.) will be required to make the changes and deliver the stated benefits to PNG.

A.

# Research

The following are the key questions that address research for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. What research have you undertaken in the development of your product to date?

A.

Q. What resources have you invested in the development of your product?

A.

Q. What is the basis on which you have defined the potential commercialisation of your product?

A.

# Governance & Compliance

The following are the key questions that address governance & compliance for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. How is your organisation structured to ensure effective governance and compliance?

A.

Q. How do you maintain compliance with anti-money laundering (AML) and know-your-customer (KYC) regulations?

A.

Q. Are there mechanisms to ensure regular audits and independent assessments of your operations?

A.

Q. How will you address any non-compliance issues or regulatory breaches identified during the Sandbox process?

A.

Q. What legal and other regulatory requirements apply to your product?

A.

Q. How have you ensured compliance with these regulations?

A.

Q. Have you obtained any necessary licenses or permissions?

A.

# Consumer Protection

The following are the key questions that address consumer protection for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. How will you ensure consumer protection in the design and delivery of your product? Please include consideration of gender and vulnerable groups

A.

Q. Have you implemented measures to ensure fair treatment and transparency for consumers?

A.

Q. What service management mechanisms will be in place to address customer issues and resolve disputes?

A.

Q. How do you safeguard consumer data privacy and security?

A.

Q. Have you conducted any customer testing or surveys to assess the impact on consumers?

A.

# Ethical and Responsible Conduct

The following are the key questions that address ethical & responsible conduct for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. How will you ensure ethical behavior and responsible conduct in the delivery of your product?

A.

Q. Have you considered any potential social, environmental, or ethical impacts of your offering?

A.

Q. What measures are in place to prevent discriminatory practices or exclusion of certain groups?

A.

Q. How will you address any concerns or feedback regarding potential ethical or societal implications of your product or service?

A.

# Risk Management

The following are the key questions that address risk management for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. What risks are associated with your product, such as operational, financial, or legal risks?

A.

Q. How have you identified and assessed these risks?

A.

Q. What risk mitigation strategies and controls have you implemented?

A.

Q. Are there any contingency plans to address potential risks or failures?

A.

Q. How will you monitor and manage risks throughout the Sandbox testing phase?

A.

# Testing Framework

The following are the key questions that address testing for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. What are your specific objectives and scope for testing within the Sandbox?

A.

Q. How do you plan to measure the success and effectiveness of your product during testing?

A.

Q. What are the key milestones, KPI’s and metrics you aim to achieve?

A.

Q. How will you gather user feedback and incorporate it into your testing process?

A.

Q. Have you defined a clear timeline and plan for testing activities?

A.

Q. How are gender, inclusion and vulnerable groups considered in your testing activities?

A.

# Exit Strategy

The following are the key questions that address the exit strategy for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. What is your plan for transitioning out of the Sandbox after the testing phase?

A.

Q. How will you ensure compliance with regulatory requirements and obtain necessary approvals?

A.

Q. Have you considered the scalability and sustainability of your offering post-Sandbox?

A.

Q. What steps will you take to secure funding, partnerships, or market access after the Sandbox?

A.

Q. How will you communicate your findings and learnings from the Sandbox to relevant stakeholders?

A.

# Reporting & Monitoring

The following are the key questions that address reporting & monitoring for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. How will you monitor, measure and report the progress of your testing activities?

A.

Q. How will you communicate any deviations, challenges, or significant findings to BPNG?

A.

Q. What are your plans for periodic reporting and sharing insights with other Sandbox participants?

A.

# Intellectual Property & Confidentiality

The following are the key questions that address intellectual property & confidentiality for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. How will you protect your intellectual property during the Sandbox testing phase?

A.

Q. Have you considered any and all confidentiality or non-disclosure agreements with BPNG?

A.

Q. What measures have you implemented to prevent unauthorised use or disclosure of your proprietary information?

A.

Q. Are there any specific concerns or requirements related to intellectual property rights?

A.

Q. How will you balance the need for transparency in the Sandbox with protecting your intellectual property?

A.

# Collaboration & Engagement

The following are the key questions that address collaboration & engagement for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. How will you engage with BPNG and relevant stakeholders during the Sandbox period?

A.

Q. Are you willing to collaborate with other participants to share knowledge and experiences?

A.

Q. What steps have you taken to seek feedback from industry experts, regulators, or potential customers?

A.

Q. Have you considered the possibility of opportunities for partnerships or collaborations arising from the Sandbox ecosystem?

A.

# Financial Viability

The following are the key questions that address financial viability for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. How do you plan to ensure the financial viability and sustainability of your product?

A.

Q. Have you conducted financial analyses or projections to assess the feasibility of your offering?

A.

Q. What revenue models or pricing strategies will you adopt?

A.

Q. How will you address any potential funding or capital requirements?

A.

Q. Are there any regulatory constraints or considerations that may impact your financial viability?

A.

# Data Protection & Privacy

The following are the key questions that address data protection & privacy for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. How will you ensure the protection of customer data privacy and comply with data protection regulations?

A.

Q. Have you implemented appropriate security measures to safeguard customer data (including what they are)?

A.

Q. How do you handle data storage, transfer, and access permissions?

A.

Q. Are there mechanisms in place to obtain customer consent for data collection and use?

A.

Q. What measures will you take to address any data breaches or security incidents?

A.

# Regulatory Feedback & Compliance

The following are the key questions that address regulatory feedback & compliance for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. Are you open to receiving feedback from BPNG and regulatory authorities?

A.

Q. Have you developed mechanisms to incorporate regulatory feedback into your product?

A.

Q. How will you demonstrate ongoing compliance and adherence to regulatory standards?

A.

# Alignment & Eligibility

The following are the key questions that address alignment & eligibility for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly:

Q. Having completed the preceding questionnaire, do you believe you are able to meet the eligibility requirements set by BPNG for the Sandbox?

A.

Q. How does your offering align with the objectives and focus areas of the Sandbox?

A.

Q. Have you identified any restrictions or limitations that may affect your eligibility?

A.

# Local Deployment Capability & Intent

The following are the key questions that address local deployment capability & intent for prospective users to gain access to the Sandbox. Please consider the following and answer accordingly.

You are expected to deploy the tested product in the local market within 6-9 months of successfully graduating from the Sandbox.

Please confirm and provide additional details including:

1. Submission of a brief description of your proposed business model (by separate attachment) including, technical architecture& specific technology, as well as any innovative approaches in how the technology will be applied.
2. Provide details of any considerations for your approach to deployment e.g. interative or other, in line with what is most appropriate in the PNG environment, and/or describe the steps you have taken to assess the suitability of the product in a PNG context.

# Declaration

1. I declare that, to the best of my knowledge and belief, having made due enquiry, the information given in this form and documents attached, is complete and correct. I understand that my application may be rejected if it is shown to be deceptive, misleading or dishonest.
2. I declare that to the best of my knowledge and belief, having made due enquiry, the individuals are fit and proper to perform the functions to which this application relates.
3. I confirm that I have the authority to make this notification, to declare as specified above and sign this form as, for, or on behalf of the Applicant.

|  |  |
| --- | --- |
| Signed: |  |
| Print Name: |  |
| Position/Title: |  |
| Date: |  |