

Reflection: How does CBSI regulatory sandbox support financial inclusion? Lessons learned.

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For many, sandboxes evokes images of safe playgrounds, where children discover, explore, socialize, and collaborate, thereby fostering their psychological safety and life skills. In the Solomon Islands context, sandboxes would be akin to children playing in the sand along beaches in villages, under their parents' watchful eyes. This notion of safe exploration strongly mirrors the role of a regulatory sandbox in the financial sector. As new FinTech technologies emerges, regulators must provide an enabling environment that cultivate innovation while ensuring financial stability and consumer protection. In response, the Central Bank of Solomon Islands (CBSI), through technical support from the Alliance for Financial Inclusion (AFI), has introduced a Regulatory Sandbox (RSB) where firms such as Fintech innovators and financial service providers can test solutions before market roll out. This blog reflects on how the regulatory sandbox implemented by CBSI has supported financial inclusion, highlighting key initiatives and lessons learned.

Why a regulatory sandbox?

The purpose of a regulatory sandbox is to encourage innovative solutions to be tested before market roll out. These solutions must contribute to financial inclusion and the broader development of Solomon Islands financial system. In the absence of proper regulations, the RSB enable CBSI to assess genuineness and risks of new Fintech solutions before, during and after testing. This ensures that a fine balance between promoting innovation and managing risks are always maintained. Through this, an appropriate regulatory intervention is determined– one that is proportionate and fit for purpose considering nature of newer firms and business models, rather than subjecting them to the one-size fits all regulatory regime of the financial sector, which may become too burden to comply with. This necessitates entry of new players with responsible financial solutions into the market.

The outcomes help CBSI develop more evidence-based regulatory frameworks to address regulatory and innovation gaps and support future regulations that contributes towards the inclusive development of the financial system.

The advent of CBSI's regulatory sandbox

As digital technologies continues to reshape the financial sector both in consumer behavior and financial products, the challenge facing CBSI then was how to enable innovation that enhances access to financial services, while safeguarding financial stability and consumer protection. CBSI aspired for a 'test and learn approach' as a response. A key initiative undertaken on ad hoc basis, which became a proof of concept for CBSI's aspiration was the pilot and roll out of the then *youSave lo mobile* (digital airtime payment) in 2019, which brought together two Major Network Operators (MNOs) to deliver a convenient channel that enabled youSave members to

deposit savings using mobile top-up (Airtime Currency). This initiative was a result of the broader partnerships between Solomon Islands National Provide Fund (SINPF), Our Telekom Ltd, and Bmobile (SI) Ltd, in collaboration with the CBSI, Solomon Islands Government – Ministry of Finance & Treasury (SIG-MoFT), with technical support from UNCDF, and funding assistance from Australia’s Department of Foreign Affairs and Trade (DFAT). Through this initiative, the CBSI provided a no-objection letter for airtime currency (mobile top-up) to be used solely for youSave savings, allowed testing of airtime currency for youSave deposits, and eventually its market roll-out. To ensure a frictionless and rewarding experience, SIG-MoFT granted a 10% sale tax refund proportionate to the value of mobile top-up being remitted to youSave as savings deposit. Outcome of the *youSave loMobile* was highly encouraging. As of the first quarter of 2025, before the channel transitioned to M-Selen, airtime deposits tallied SBD44.9 million (approximately 91% of total value of youSave cumulative deposits), with transactions happening from all nine provinces. For informal sector members, *youSave loMobile* saves time and reduces travelling costs, while enabling more savings, anytime and anywhere. Beyond this, the *youSave LoMobile* infrastructure was also utilized by SINPF to assist with COVID-19 emergency payouts that enabled payouts to be done efficiently and seamlessly for members. The key takeaway is the value of the public-private-donor partnership, which delivered this initiative. While technology can do wonders, without partners, the solution will not be scalable, sustainable, and impactful. Also, for the first time, two MNOs, competitors by nature, collaborated to allow their airtime channels. The *youSave loMobile* became a testament that justified the need for a proper regulatory sandbox framework.

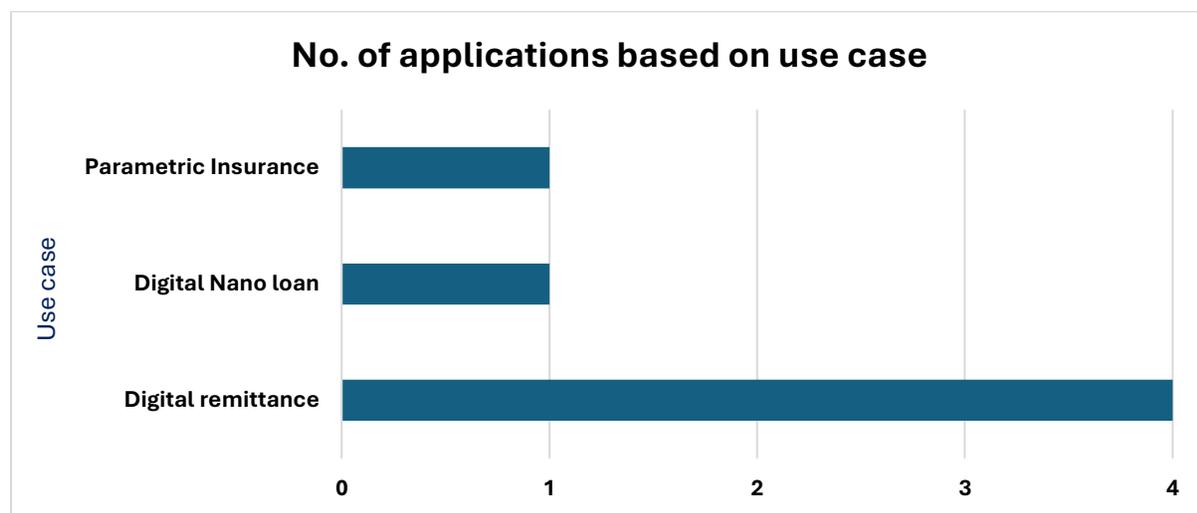
Following the launch of the Pacific Regional Sandbox framework, the “test and learn” aspiration became a commitment when CBSI, through peer learning and knowledge sharing with fellow Alliance for Financial Inclusion (AFI) members, sought the technical support of AFI in 2020 to develop regulatory sandbox guidelines and standard operating procedures specific to the Solomon Islands context. [In April 2022, the CBSI finally launched the regulatory sandbox, paving the way for genuine innovators in Financial Technologies \(Fintech\) and its ecosystem to test their financial products.](#) This marked an era in which Solomon Islands would begin to usher in innovative solutions to improve access to financial services, as CBSI operationalizes the regulatory sandbox.

Uptake of the regulatory sandbox

Understanding how financial service providers and Fintech firms engaged with the RSB is crucial in determining its effectiveness, relevance and contribution to financial inclusion.

Since its launch, the regulatory sandbox has attracted interest from individuals and firms. Some enquired about the processes they must follow to test their solutions, while others were at the preparatory stage of submitting applications. In 2023, CBSI began to receive applications from interested firms to test prototyped solutions in the regulatory sandbox. Despite huge interest, the number of applicants received was low. As of 2025, a total of eight (8) applications to participate

in the regulatory sandbox were received by CBSI from interested firms. Of this, only 6 applications were admitted for sandbox live testing with actual customers, while the remainder were already catered for in existing regulations.



Source: CBSI 2026.

The increase in digital remittance use cases for testing highlights the growing demand for convenient channels for foreign remittances.

How do these solutions contribute towards financial inclusion challenges?

The solutions tested within the CBSI regulatory sandbox addresses key financial inclusion challenges faced by individuals (women and youths), households and MSMEs,

1. Digital remittance – Having a mobile or platform-based remittance solution that puts convenience at the fingertips of Recognized Seasonal Employees (RSE) and Pacific Australia Labour Mobility (PALM) scheme workers has been a challenge over the years. Four entities recognized these critical market pain point and have developed mobile-based platforms that allow workers to send funds to family members using their smartphones, thereby expanding access, reducing costs, and improving convenience for foreign remittances.
2. Digital Nano loan – for the informal sector and self-employed, the lack of proper credit histories has always been a barrier to access to credit. One of the sandbox solutions explored innovative credit scoring model by leveraging artificial intelligence (AI) together with alternative data such as savings behavioral data to provide small and short-term loans, with the potential to extend formal credit to the previously excluded segments by increasing alternative data’s scope (to include bill payments, top-up purchases, etc.).
3. Parametric Insurance – Solomon Islands is prone to natural disasters, with vulnerable communities, households and Micro, Small, Medium Enterprises (MSMEs) often bearing

the cost to rebuild from the rubbles. For this reason, vulnerable communities and MSMEs must be financially resilient to mitigate the impacts of climate-related disasters and adapt. Traditional insurance products are often unsuitable because of high costs, slow claims processes and limited coverage. One of the sandbox tested solutions explored parametric insurance products, using predefined triggers, such as weather events, to enable faster and more transparent payouts. The aim of parametric insurance is to ensure greater financial resilience by making insurance more tailored, affordable and efficient for vulnerable segments to mitigate adverse impacts of climate change and adapt.

Observations and outcomes for the market

Insights from the past three years indicate that the regulatory sandbox has delivered tangible market results and achieved its purpose with four sandbox tested products progressed to market roll out. These include M-Selen's foreign remittance service, delivered through a partnership with Klick-ex, which enables Solomon Islanders working and living abroad to send money directly to their families and friends via M-Selen wallets in Solomon Islands; AccountPlan's remittance service app; Aelan Digital Service Ltd, and Iumi-Cash. Together, these new products have expanded access to fast and convenient cross-border remittance services. Meanwhile, *TrigaCash*, a parametric insurance product by TPAL in partnership with SINPF, M-Selen, with support from United Nations Capital Development Fund (UNCDF) remains in the testing phase along with Mobile fund (M-Fund) - a digital nano loan product by SINPF in partnership with M-Selen, also support by UNCDF. These market outcomes highlight the RSB's enabling role of validating new Fintech technologies and business models, ensuring compliance mechanisms and risk safeguards are built into new products and services before market roll out.

Regarding innovation gains to the market, sandbox tested products promoted QR code payments, remote KYC processes, biometrics fingerprints, and AI-driven credit assessments. The sandbox has also encouraged partnerships between private sector entities, technology providers, and development partners, helping firms overcome technological, regulatory and market constraints.

Lessons learned

The CBSI regulatory sandbox has proven to be an effective enabler of innovation in the financial sector, while maintaining risk safeguards. Despite the regulatory sandbox clear benefits, its implementation experienced several constraints that limit uptake and the overall impact on market development.

1. Encourage market research – While it is common for innovation to diffuse into converging solutions for firms, in some instances, comprehensive market research, which should inform why the prototyped solution will be feasible, is often limited. This is a critical indicator that determines a firm's "go-to" or "no-go" decision beforehand. Equally important is the fact that insights from market research can shape a firm's product and service differentiation strategies, making products more unique, adding value

to the market, and appealing to the consumer masses. Moreover, understanding the challenges, needs, and what customers consider as value and best experience can help firms tailor products accordingly.

2. Secure partnerships early– Per the regulatory sandbox experience, firms with strong partnerships are more likely to become sustainable when exiting from the testing environment. When meaningful partnerships are forged beforehand, firms benefit from financial investments, technology, market and regulatory leverage, funding and skills support, and network effects to upscale and reach critical mass.
3. Invest in new market solutions – in order to maintain incremental innovation in the financial sector, and to be on par with global trends, firms and innovators must continue to find new and meaningful ways which new and emerging technologies can be harnessed to address access to finance and access to financial services pain points related.
4. The need for an innovation hub – based on interactions with firms and individuals, it became clear that there are individuals with innovative ideas that are unable to prototype and test their solutions due to a lack of funding support. Similarly, established firms keen to introduce innovative products and services were unable to do so because of funding and technical constraints. As a result, we missed creative solutions and disruptive business models that could further enhance access to finance for Solomon Islanders. These include payment gateway solutions, digital remittance, and apps to monitor savings and loan disbursements, among others. Given this, having an innovation hub where individuals and firms can access training, technical and funding support, along with creating meaningful partnerships, would be crucial to translate innovative ideas into market solutions with meaningful impact.

These constraints highlight a clear need to encourage firms to undertake proper market research, the importance of partnership building and collaboration to overcome operational and market constraints, and the need to provide support for individuals and firms without adequate financial resources or technical capacity to move their solutions from the ideation stage to market roll-out.

What's next for innovation in the Solomon Islands' financial sector?

From a development perspective, the regulatory sandbox has enabled innovative solutions that addressed real market challenges and consumer pain points. Moving forward, the regulatory sandbox will continue to focus on enabling market solutions that addresses financial inclusion needs and the digital economy needs of Solomon Islanders. These include impactful solutions that drive positive change and empower the livelihoods of all Solomon Islanders, including MSMEs, rural adults, women, and youths. Priority areas include digital payments (including offline solutions), e-commerce and payment gateways, cross-border payments, MSME finance, climate and green finance, digital financial literacy, government payment solutions, open finance, open API and AI driven business models. However, the ability of these solutions to

scale, interoperate, and remain inclusive by design is fundamentally dependent on the availability of strong Digital Public Infrastructure (DPI), particularly systems that enable secure identification, payments, and data exchange. These key pieces will assist in fully unlocking interoperability and inclusivity of new financial innovations in the Solomon Islands. As such, the CBSI will continue to collaborate with the government, private sector, donor and development partners and all financial inclusion stakeholders to ensure the country's digital drive is also concerted towards creating a resilient DPI.