



Guidance

for Applying to the
Regulatory Sandbox
(JoRegBox)

Central Bank of Jordan

JO-Fintech Center

January, 2025



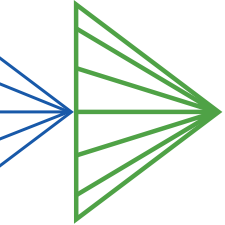
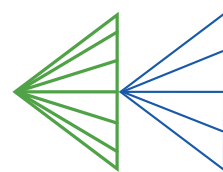
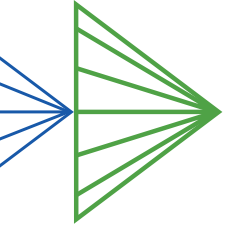


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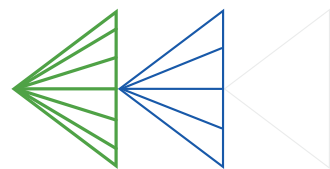


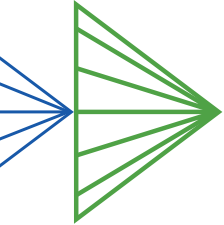


Disclaimer

This guidance has been prepared to assist any entity wishing to join the regulatory sandbox to test their innovative financial solution. It outlines the steps that the entity can follow, detailing the requirements and procedures that must be adhered to at each stage.

This guidance is for guiding purposes only; it cannot be relied upon without reviewing the regulatory framework of the sandbox. You can review this framework and any related documents through the links included in this guide.





Step 6
Testing the digital solution



Step 7
Graduation from the JoRegBox



Step 4
Applicant directing



Step 5
Get ready for the test



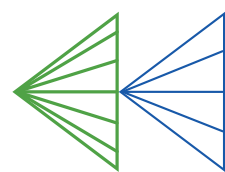
Step 2
Applicant directing

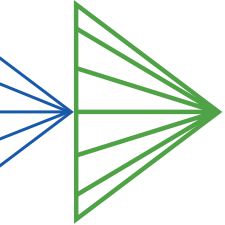


Step 3
Evaluation of the application



Step 1
Before applying to JoRegBox





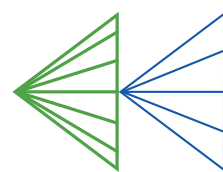
Preamble

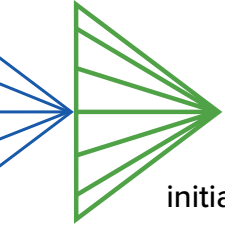
In the context of enhancing secure access to digital financial services, ensuring the highest standards of cybersecurity, financial consumer protection, transparency, and integrity of the financial system, and boosting competitiveness, and in line with the fintech vision and national goal of promoting digital transformation and the digital economy and positioning Jordan a pioneering leading regional center and investment destination for financial technology and innovation, encouraging the transition to a cashless digital society using digital financial services, which comes in the context of the High Royal visions and directives.

The Central Bank of Jordan (CBJ) provides the Regulatory Sandbox for Fintech Innovations (JoRegBox), one of the key enabling tools for the financial technology and innovation ecosystem in Jordan. This sandbox was established as a supervised and controlled experimental regulatory environment with the aim of allowing entrepreneurs and innovators to test digital financial applications with real customers. This initiative is designed to support and encourage innovation and development in the fintech sector, ultimately enhancing competitiveness in the digital financial services field, alongside improving access to formal financial services while maintaining the integrity and stability of the financial sector and protecting the rights and data of financial consumers.

In continuation of the CBJ's efforts in this regard, this guidance has been prepared to assist entities wishing to join the Regulatory Sandbox (JoRegBox); as this guidance provides all the necessary information to answer any inquiries that may arise for the purpose of submitting an application and gaining acceptance into the Regulatory Sandbox, as well as the application journey during the experiment within several interconnected stages, starting with the pre-application stage, followed by the application acceptance stage, then the preparation for the experiment stage, the actual experiment stage, and concluding with the graduation stage from the Regulatory Sandbox.

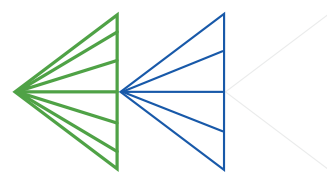
This guidance consists of several sections, beginning with an explanation of the concept of the Regulatory Sandbox and the steps for joining it. It starts with the applicant's search for information on how to join, obtaining the participation form, and submitting it to CBJ. It then details the stages of the application's journey within the Regulatory Sandbox, from

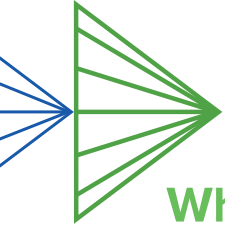




initial submission to graduation from the Sandbox, and what awaits the innovative solution afterward.

In preparing this guide, emphasis was placed on simplifying and clarifying the steps, as well as specifying the timeframes for each stage of the application process within the regulatory sandbox environment. Additionally, some tips have been included, which we hope will assist applicants in completing the application process and reaching the stage of graduation from the regulatory sandbox. Applicants are expected to continue following the steps outlined here in parallel with the developments related to their submitted application. We also welcome any inquiries from applicants at any time through the communication channels provided by the Central Bank for service recipients.





What is the Regulatory Sandbox?

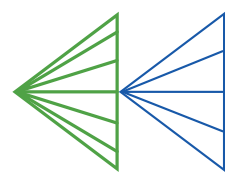
The regulatory sandbox (JoRegBox) is a safe experimental regulatory environment and subject to the oversight and supervision and apply a risk-based approach, the regulatory sandbox allows companies with ready to-launch innovative products to conduct tests with real customers in the real market.

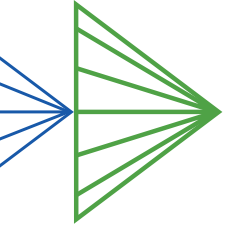
The Regulatory Sandbox allows entrepreneurs and innovators to test innovative financial products and services developed using modern technology by presenting them to real customers. This is done within clearly defined standards and controls that ensure the highest levels of transparency. Within this environment, innovative digital financial solutions undergo a comprehensive testing and evaluation process without the need to directly comply with certain regulatory requirements mandated by existing legislation while they are within the sandbox. This approach actively promotes innovation in the use of financial technology and accelerates the market entry phase.

How to apply to the regulatory sandbox?

The central bank allows innovators and entrepreneurs to join the regulatory sandbox through three types of windows, which are as follows:

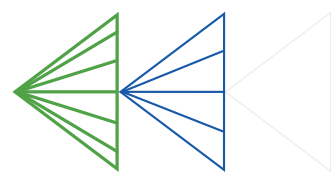
- ▶ **Open Window System:** This system allows applicants to communicate with the central bank and submit their applications to join the regulatory sandbox at any time throughout the year, without any specific time period constraints. The central bank reserves the right to determine the periods during which the window will be open according to current requirements, with prior announcements made through appropriate channels.
- ▶ **Cohort System:** This system designates a specific period during the year for receiving applications to join the regulatory sandbox, targeting a particular financial activity such as insurance, financing, banking, payments, or financial brokerage. Details of this period are announced at least three months prior to its start date.
- ▶ **Challenge System:** The central bank launches a challenge program during the year to receive applications for joining the regulatory sandbox. This program targets





innovative digital financial solutions with a specific scope and purpose. The date for the challenge program is announced at least three months prior to its commencement.

To join the regulatory sandbox, you can participate in any of the systems mentioned above by filling out and submitting the application form for the regulatory sandbox. Keep reading; the following sections will guide you through this process step by step.





First step: Pre-application stage

Before applying to join the regulatory sandbox, you should first read the Regulatory Sandbox Framework. This step aims to provide you with a clear and simplified understanding of the activities that fall within the scope of the regulatory sandbox, as well as the criteria your innovative solution must meet to be accepted into the Sandbox. This will help you avoid the risk of your application being rejected.

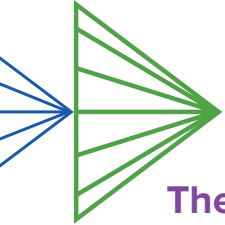
You can also, before submitting the application, communicate with us (the Financial Technology and Innovation division at CBJ) to schedule an introductory meeting. This meeting will give you the opportunity to discuss your innovative solution with us, clarify it appropriately, and further develop it as needed. Additionally, this meeting allows us to highlight any areas that we consider may need addressing before proceeding to the post-application stage of joining the regulatory sandbox. You will also have the opportunity to ask questions about the process of joining the regulatory sandbox from the beginning until the decision regarding your application is made, whether it's acceptance or rejection. The meeting does not necessarily have to be face-to-face at the central bank building; it can be conducted through video conferencing, phone calls, or email. We are fully prepared to answer all your inquiries and assist you step by step in submitting your application correctly.



You can find the Regulatory
Sandbox framework

[here.](#)

Please read it carefully
before filling out the
application.



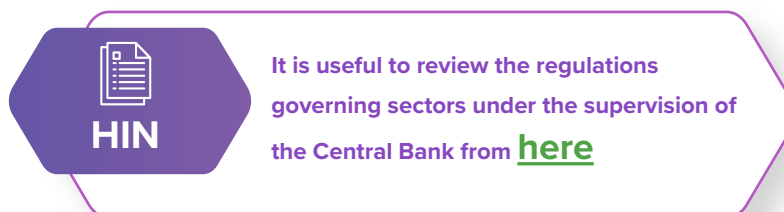
The eligibility criteria

To determine whether your innovative solution meets the requirements for joining the regulatory sandbox, you can refer to the following points:

1. Scope:

The central bank supports innovative financial solutions developed for the local financial market, with the aim of marketing them to customers within Jordan, and later exporting them to regional and global markets. The innovative financial solution can be targeted towards individual or corporate clients.

Additionally, innovative financial solutions subject to application must be applicable on a wide scale in the market after graduating from the Regulatory Sandbox environment.

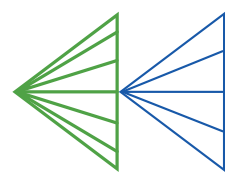


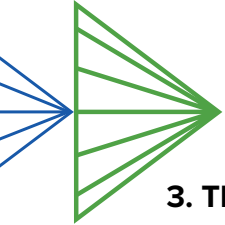
2. Genuine innovation

Your financial solution must be innovative to qualify for joining the regulatory sandbox. This includes being entirely new and unprecedented, a new development of an existing service, or an idea that hasn't gained popularity in the market yet. For instance, the innovative solution could be a new method to enable financially underserved customers to access and obtain financial services, or it could introduce a new market for existing products.

3. Consumer benefit:

All proposals that we support must bring added value to financial consumers and not expose them to unjustified risks. This can include any added value, ranging from reducing the cost of the current service or making it more efficient, to providing it on a wider scale, or targeting the service towards underserved groups in current markets. For example, companies seeking to enhance diversity and inclusion in financial services.



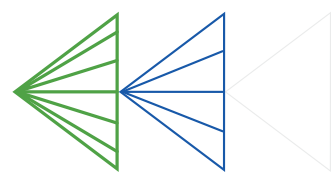
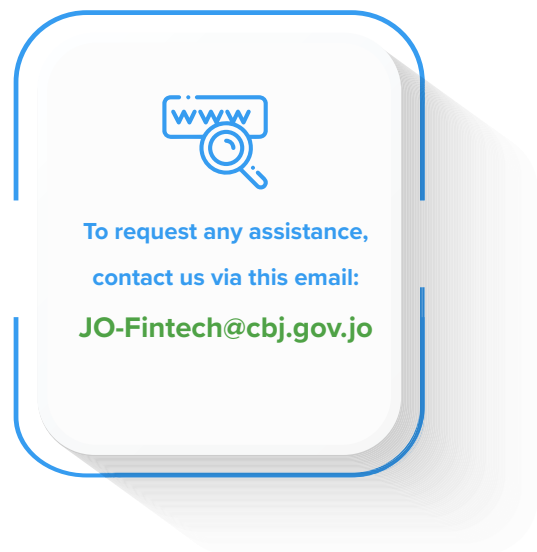


3. The need to join the regulatory sandbox

We expect the applying entity to demonstrate a genuine need for central bank support. The entity may need to join the regulatory sandbox because innovation doesn't easily align with the current regulatory framework, making it difficult or excessively costly to introduce the innovation to the market. Alternatively, the innovation may still be unregulated under current legislation.

4. Readiness and maturity:

The innovative financial solution must have reached a level of maturity before submitting the application, and it should be ready for use by real customers. We also expect the applicant to have a clear goal for testing their innovative solution in the regulatory sandbox and to have already assessed the risks associated with the financial solution and identified controls to mitigate these risks in a manner that makes them acceptable.





Second step: Submitting the Application

To apply for joining the regulatory sandbox (JoRegBox), fill out the form available on the Central Bank's website under the Fintech and Innovation tap. Ensure that the application is fully completed and clearly understood. Then, send the application to the email address **(Jo-Fintech@cbj.gov.jo)**.

The Central Bank does not charge any fees for submitting applications to join the regulatory sandbox. However, applicants must meet all the requirements and conditions necessary to conduct tests for innovative digital financial solutions within the regulatory sandbox environment. This must be in accordance with the policies established by the Central Bank and after obtaining the appropriate approvals in preparation for their use in the markets.



You can find the
application form.

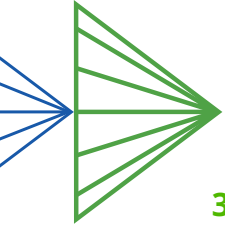
[here](#)

When filling out your application for joining the Regulatory Sandbox, ensure the following:

1. **Provide** clear, simple, and detailed answers to all the questions in the application form.
2. **Ensure** that your innovative solution meets the eligibility criteria for joining the regulatory sandbox.



CBJ does not charge any financial amounts or fees for submitting applications to enter the regulatory sandbox.

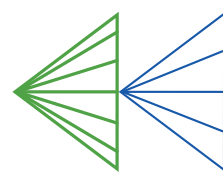


3. **Attach** the following required documents with your dully-completed application:

- ✔ Commercial registration and the Articles of Association of the applicant entity.
- ✔ Copy of identification documents and passport for shareholders owning %10 or more of the applicant entity.
- ✔ Copy of identification document for the liaison officer.
- ✔ Presentation or any material detailing the innovative solution subject to the application.
- ✔ If your innovative solution is entirely new, you must provide market research or any evidence proving the absence of similar offerings in Jordan or demonstrating that your innovative solution offers additional features not provided by existing solutions in Jordan.
- ✔ If your innovative solution has been tested by any local or foreign regulatory authority, you must mention the name of the regulatory authority and the results of the review process.
- ✔ Results of technical tests for your innovative financial solution, whether conducted by a third party or by yourself.

Before submitting your application to join the Regulatory Sandbox, you should carefully review it to ensure that all fields are filled with the necessary information and that all questions are answered. Attach any documents or materials related to the provided information to avoid rejection of your application.

It is also essential to provide us with any information you believe we should be aware of. It is worth to note that providing incorrect or false information will affect the acceptance of your application and may result in its rejection. Additionally, you must fill out the pledge included in the application form regarding this matter.

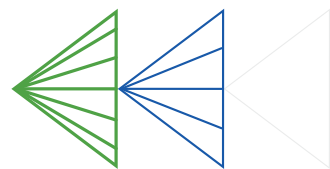
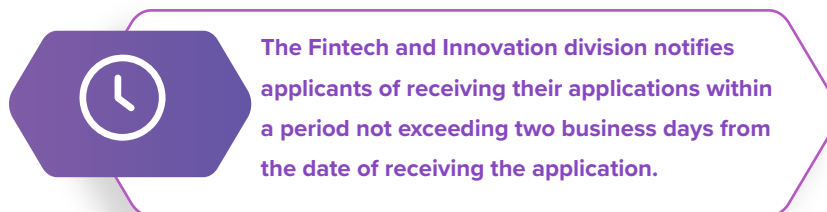




What happens when your application is received?

Upon receiving your application, the Central Bank initiates its review process. They may contact you via phone, email, or even arrange a meeting, whether in-person or remotely, if further requirements or clarifications are needed. This communication aims to guide you on any additional requirements specific to joining the regulatory sandbox.

After that, your application journey in the regulatory sandbox begins, consisting of several stages as outlined in the Regulatory Sandbox Framework. If your application is accepted, it will progress through all these stages. However, if it is rejected, it will stop at the evaluation stage.

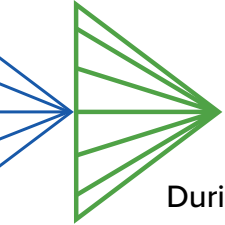




Third Step: Application Evaluation

After you've submitted your application to join the regulatory sandbox and been notified of its receipt, the Fintech and Innovation division at the Central Bank will assess the eligibility of your innovative solution. To familiarize yourself with the qualification evaluation process, the Fintech and Innovation team relies on the following questions. Your answers to all the questions below need to be «Yes» in order to pass the qualification test.

Eligibility assessment criteria	Criteria met?
2. Is the application within the CBJ's scope or JSC's Scope?	Yes
3. Will the applicant's customers be within Jordan?	
Is your application genuinely innovative? Is the applicant doing something that is ground-breaking or significantly different? This could be something completely new, or it could mean targeting a new market or a new version of an existing model, represented at least by one of the following:	Yes
1. A model that differs significantly from existing offerings in Jordan	
2. A new use for existing technologies deployed in Jordan, or a new technology being applied for the first time.	
3. A significant scale-up in existing technologies deployed in Jordan.	
Is the applicant sufficiently mature to participate in the JoRegBox?	Yes
1. Does the applicant have a clear, well thought through business model	
2. Does the applicant have a well-developed testing plan with clear objectives, timeline, milestones and success criteria?	
3. Is the applicant ready to test the innovation in the real market with real customers?	
Is there a need for innovation support from the CBJ?	Yes
1. The innovative solution does not fit the existing regulatory framework, that is, the applicant cannot operate within an existing license category.	
2. The applicant will benefit from using the sandbox to test their concept in a live environment.	
Does the applicant pass the eligibility test?	Yes

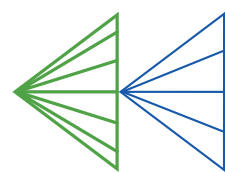


During the evaluation period of the application to join the regulatory sandbox, the FinTech and Innovation division ensures that your financial solution meets the eligibility criteria. Then, the application is reviewed by a specialized team in the financial sector relevant to the proposed innovative solution.

This team studies the benefits associated with the innovative solution and the potential risks it may entail, balancing them to determine whether to allow this innovative solution to enter the regulatory sandbox or not. This period lasts for a maximum of sixty working days.

The specialized team submits a technical report on whether the innovative solution is accepted or rejected in the regulatory sandbox to the technical committee for financial technology and innovation in the financial and banking sector, then the application status is approved by this committee.

In some cases, the specialized team may need to extend the evaluation period of the application for a certain duration. This could be due to the complexity of the product, involvement of multiple parties, or delay in applicant responses to inquiries from the specialized team. In such cases, the applicant will be informed about this extension period.





Fourth Step: Guidance

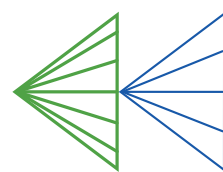
Upon reaching this stage, the applicant is notified of the outcome of their application within three days of the Technical Committee for Financial Technology and Innovation's decision, whether it is accepted or rejected. If the request is accepted, the necessary guidance is provided to the applicant regarding the procedures they need to follow to complete their journey in the regulatory sandbox.

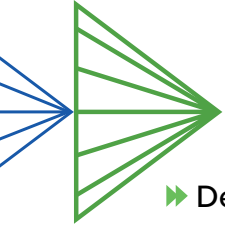


Fifth Step: Preparing for Testing

Reaching this stage means that you have been accepted to join the regulatory sandbox. The purpose of this stage is to prepare your solution for the testing phase by providing the Central Bank with the necessary requirements to start implementing the experiment. These requirements include:

- ▶ A risk management plan associated with the innovative financial solution outlined in the application, which includes identifying those risks and the necessary controls to mitigate them acceptably.
- ▶ A general disclosure form for customers regarding all potential risks associated with the innovative financial solution outlined in the application, including a confirmation message to them regarding accepting the risks during the testing process. This should also include obtaining their written consent to process their data and accept the potential risks, along with a commitment to informing them of any consequences that may arise during the testing and compensating them for any damages if they occur.





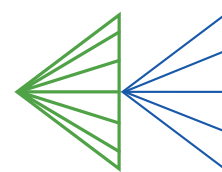
- ▶ Define the criteria, standards, and controls for conducting the test, including the maximum number of participating customers, their categories, transaction limits (both in quantity and value, as per the circumstances), and other measures to keep potential risks under control.
- ▶ Provide appropriate financial guarantees and deposit them in a separate account with any of the operating banks in the Kingdom in an Escrow Account if required.
- ▶ Provide a specific and clear mechanism for resolving disputes that may arise during participation in the regulatory sandbox environment.
- ▶ All details, scenarios, and outcomes of tests conducted, as well as performance metrics for the success of test scenarios to be implemented during the testing period.
- ▶ Proposed exit plan from the regulatory sandbox.



You must provide the requirements for the testing phase within a period not exceeding (15) business days, starting after the completion of the guidance phase.



The Central Bank of Jordan commits to informing the applicant of its readiness to commence testing the innovative financial solution subject to the application within a period not exceeding (15) business days from the date of providing the Central Bank with evidence of compliance with the above requirements.



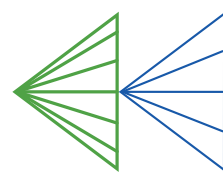


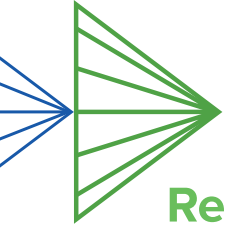
Sixth Step: Testing the Innovative Solution

During this stage, the applicant commits to initiating the testing process of their innovative financial solution within the regulatory sandbox, following the specific scenarios outlined and under the supervision and periodic monitoring mechanisms by the Central Bank (specialized team), to monitor risks and any consequences that may arise during the testing process, evaluate them in collaboration with the applicant, and determine whether there is a need to suspend the testing process or recommend necessary modifications.

The applicant must complete the testing process within the regulatory sandbox environment within a period not exceeding (6) months. They can apply to the Central Bank for an extension of this period for another similar or shorter period based on justified reasons, provided that the extension request is submitted at least (30) days before the end of the testing period.

In certain cases, the testing period can be extended up to one year according to the requirements of the experiment.



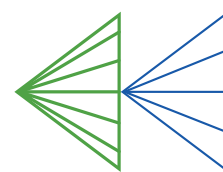


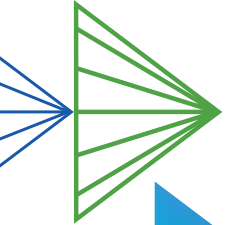
Reports

At this stage, you are required to provide the Central Bank with monthly reports or upon request, outlining the progress of the testing process during the testing phase. These reports should include, but not be limited to, the following:

- ▶ Accomplishments during the testing period in line with defined performance indicators.
- ▶ Statistical information and data related to the testing.
- ▶ Any indicators related to financial crimes such as financial fraud, hacking, money laundering, or terrorist financing, along with detection mechanisms and corrective actions taken.
- ▶ Operational incidents, if any, and measures taken to rectify them.
- ▶ Any other emerging risks not mentioned during the application and evaluation stages, along with the mechanism for addressing such risks if they arise.
- ▶ Customer satisfaction levels and complaints, if any.
- ▶ Any other data or information requested by the Central Bank.

The Central Bank, based on the severity of the risks identified and its ability to mitigate them, may decide to temporarily suspend the operation of the innovative financial solution for a period not exceeding (15) days. This is to allow the applicant to make necessary adjustments to the implementation mechanism of the innovative financial solution, contrary to the predefined scenarios, in a manner that mitigates the severity of the identified risks to an acceptable level.





Seven Step: Graduation from the Regulatory Sandbox

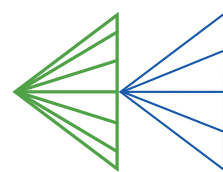
According to this stage, and upon the successful testing of the innovative financial solution within the regulatory sandbox environment and the announcement by the Central Bank of its graduation, the applicant is allowed to launch the product in the market. However, this is subject to fulfilling all the legal and regulatory requirements applicable outside the regulatory sandbox environment and related to providing financial activities associated with the product.

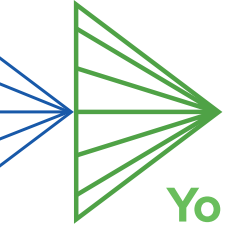
In this stage, you are required to provide the Central Bank with the final report for the entire testing period within a maximum of (15) working days from the date of completion of the testing stage. This report should include, but is not limited to, the following:

- ▶ The requirements outlined in the reports requested during the testing process.
- ▶ The final results of the tests and the implementation procedures of the market launch plan.

Upon exiting the regulatory sandbox, the applicant is committed to ensuring the completion of all obligations arising from them according to the provided exit plan.

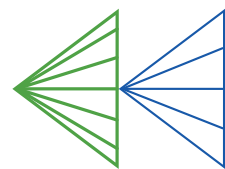
The names and information of entities that have graduated from the regulatory sandbox are published on the CBJ's website. You can find them [here](#).

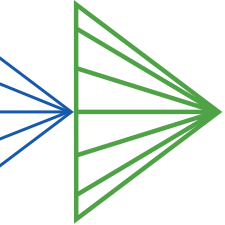




Your innovative solution' regulatory pathway

After graduating from the regulatory sandbox, the responsibility for the success of your solution in the local market becomes greater. This entails a lot of hard work, planning, and marketing, and you may also need to obtain a license from the central bank. Your innovative solution could be one of the following options:





It's also important to consider the financial resources you may need to develop your innovative financial solution and operate in the local market. This may involve obtaining investment from other parties or partnering with licensed entities. For any information regarding the necessary requirements to consider for completing your business journey in the market, feel free to reach out to us for any specific information you may need.

