

FCA Pilots Digital Sandbox to Tackle COVID-19 Challenges

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On the 4th of May 2020 the FCA announced that it intends to pilot a 'digital sandbox' in order to enhance regulatory support to innovative firms, such as fintech and regtech businesses, tackling challenges caused by the COVID-19 pandemic.

The FCA has previously supported new and innovative firms through regulatory platforms such as its [Innovation Hub](#), [Regulatory Sandbox](#) and [TechSprint programme](#) and has accelerated plans to launch the digital sandbox in the wake of the issues caused by COVID-19.

The new digital version of the sandbox will enable firms to test and develop proofs of concept in a digital testing environment. Long-standing challenges like data access and standardisation have become an increasing barrier to entry for innovators and the digital sandbox aims to cater for firms which have not previously met the testing requirements of the regulatory sandbox.

The FCA's initial focus is on supporting innovative firms looking to tackle coronavirus-related challenges and will evaluate the effectiveness of the digital sandbox's tools and features through the pilot phase. This is important because many regulated firms such as banks and insurance companies are accelerating the digitalisation of their customer base and may partner with newer start-up channels. The FCA will be seeking industry feedback to develop the sandbox and will be updating its page with specific proposals in due course. Interested firms should accordingly engage and feedback comments on the proposals to the FCA, and keep watch on the [FCA's innovation page](#).

Proskauer's cross-disciplinary, cross-jurisdictional Coronavirus Response Team is focused on supporting and addressing client concerns. Visit our [Coronavirus Resource Center](#) for guidance on risk management measures, practical steps businesses can take and resources to help manage ongoing operations.

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