



THE BANK OF BOTSWANA REGULATORY SANDBOX LAUNCH

Keynote Address

by

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Thank you, Director of Ceremonies.

Distinguished Guests, Ladies and Gentlemen, greetings to you all. We value greatly your presence, in-person and remotely, for today's event, the **launch of the Bank of Botswana Regulatory Sandbox** under the theme, "***Safe Innovation for a Digitally Inclusive Botswana.***"

The Launch marks progressive transition for digitalisation of the Botswana of the Botswana economy, among others, as envisioned in the Botswana Economic Transformation Programme. Our contribution as the Bank of Botswana is purposeful and ambitious. We are introducing a catalysing and facilitative, yet well-regulated, tool in Botswana's financial ecosystem intended to enable progression and growth of financial services that involves wide-ranging embracing of financial technology.

Therefore, the launch today signals our determination to embrace innovation responsibly, ensuring that technology becomes a driver of opportunity, low-cost access and inclusion with respect to financial inclusion, hence empowerment, and dignity for all in the country, in the advent of an increasingly digital world.

The timing of this launch is intentional and represents implementation of one of our key strategic initiatives as the Bank of Botswana, deliberately focused on execution of the Botswana Economic Transformation Programme, as relevant for the Bank. You will also observe that the 2025 State of the Nation Address by the President also strongly emphasised digitalisation and potential for positive impact on private-sector growth, competitiveness, and inclusive economic growth.

In that regard, achievement of the desired impact requires a financial sector capable of continuous innovation, that supports entrepreneurship, eliminates barriers to entry and competitiveness, and facilitates efficient and low-cost payments across the economy. The establishment of the Regulatory Sandbox is, therefore, not just symbolic; it is a deliberate response to these national priorities, anchored on the recognition that financial innovation must be intentionally facilitated to accelerate its contribution to economic growth, resilience and inclusivity, albeit guided by principles of maintenance of safety, integrity and stability of the financial system.

As background, you will observe that the global financial landscape is undergoing rapid transformation. Technology is reshaping payments, credit allocation, insurance, investment, and even the very nature of

money itself. Across the world, central banks are embracing innovation through frameworks such as innovation hubs and regulatory sandboxes. Locally, the 2022 and 2024 Botswana Fintech Landscape Mapping Surveys, conducted by the Bank, provided valuable insights into our evolving Fintech ecosystem. The findings indicate that local fintech activity is gaining momentum, driven largely by payments innovations, digital wallets, and application programming interface involving partnerships between traditional financial institutions and emerging financial technology businesses or entities. These developments signal the advent of open banking/open finance era in Botswana, where collaboration and open sharing of data drives provision of novel financial business models, services and products geared at including hitherto marginalised startups and communities.

Our engagement with the fintech startup community also revealed a significant appetite for introduction of products targeting underserved groups, including SMMEs and rural communities. Importantly, innovators identified regulatory clarity, interoperability, and access to testing environments as key enablers of innovation. At the same time, structural challenges persist. These include high operational costs, fragmented customer data, and difficulties in building partnerships with incumbent financial institutions; identified as barriers to inclusion of smaller emerging market entrants.

These challenges mirror what we observe globally, where innovators often face barriers not because their solutions lack potential, but because the regulatory and market environment has not yet adapted to accommodating them. The Bank recognises these realities, and the

Sandbox offers a structured pathway for addressing and eliminating these barriers. Thus, allowing promising innovations to demonstrate viability in a supervised testing environment and in turn, providing useful information for policy and regulatory adjustments.

Innovation brings enormous opportunities, and here at the Bank of Botswana, we are intentional in enabling manifestation of these opportunities into tangible and inclusive economic activity. Notwithstanding, we must also acknowledge the risks that accompany technology driven services. In her welcome remarks, the Director, Strategic Planning and Risk Management Department highlighted that fintech solutions, while transformative, introduce cybersecurity vulnerabilities, consumer protection concerns, data governance risks, operational dependencies, and potential systemic implications. These risks, if not well-managed and mitigated, may undermine trust and patronage of the financial system and indeed threaten financial stability.

The Bank of Botswana's mandate, set out in the Bank of Botswana Act as Amended is, among others, to safeguard the stability and integrity of the financial system. As financial services evolve, this mandate naturally expands our responsibility and scope of operation: not only to maintain stability, but also to enable innovation that enhances efficiency and inclusion, while ensuring that such innovation occurs within a resilient and well-supervised environment. This is the essence of ***safe innovation***, and the Bank's Regulatory Sandbox will provide the multifaceted process and mechanism through which this balance can be achieved.

Ladies and Gentlemen, a Regulatory Sandbox is often perceived as just a mechanism for testing financial products in a controlled environment. While this is true, its ultimate purpose is far broader. As I alluded to earlier, it is a strategic instrument for development of the financial sector and a key aspect of economic transformation. By creating a safe space for innovation, the Sandbox will enable solutions that transcend traditional financial boundaries and integrate with sectors critical to social and economic well-being.

We recognise that financial services, including payments infrastructures are the backbone of every transaction in modern economies. Whether paying for healthcare, funding education, purchasing agricultural inputs, or accessing transport services, paying artisans, financial flows underpin these activities. If these flows are inefficient, costly, or inaccessible, the mentioned sectors themselves cannot function nor grow optimally. Therefore, improving financial systems, in terms of access, convenience, moderation of cost, security and safety, is not an isolated goal, it is a prerequisite for cross-sectoral transformation and efficiency. Ultimately, enhancements of prospects for inclusive economic growth and resilience.

Cross-sectoral innovation often faces regulatory uncertainty, fragmentation, and high compliance costs. The Sandbox will address these barriers by offering a structured, supervised environment where innovators can demonstrate viability without incurring prohibitive costs. This will reduce time-to-market for solutions that have developmental impact and ensures that regulatory frameworks evolve in tandem with technological advancements. Through the Sandbox, we will prioritise innovations that expand access to affordable financial services targeted

at rural communities, micro-savings platforms for low-income households, and interoperable payment systems that facilitate efficient movement of value. These solutions are essential for bridging the gap between financial inclusion and broader socio-economic participation.

The Bank's Regulatory Sandbox, therefore, is intended to contribute to this transformation. It will provide a safe and structured environment for innovators to develop novel solutions that go beyond convenience and deliver tangible social and economic impact, unlocking opportunities for businesses and individuals alike. By facilitating such innovations, the Regulatory Sandbox will ensure that financial inclusion translates into broader societal inclusion, supporting different sectors of the economy.

Distinguished Guests, this is how we connect financial technology to national development priorities. Again, the vision and emphasis is on impactful innovation, integration with economic sectors, regulatory clarity, and relevant and timely policy development. The Bank's Regulatory Sandbox serves as a bridge between innovation and regulation, facilitating market entry for innovative business models, services and products; thus strengthens the economy and enhance welfare.

Botswana's **Vision 2036** and the **Economic Transformation Programme** emphasise diversification, and inclusive growth. These objectives cannot be achieved without modernising the foundational systems that support service delivery. The Sandbox aligns with these goals by creating a pipeline for innovations that strengthen national digital public infrastructure, improve efficiency, and expand access. In this sense, as I

hinted earlier, the Sandbox is not merely a regulatory tool; it is a policy instrument for inclusive economic development. It signals a shift from reactive regulation to proactive enablement, responsibly embracing of innovation, albeit always with a focus on safeguarding the integrity, safety and stability of the financial system.

Ladies and Gentlemen, the advent of the Regulatory Sandbox builds on the significant milestones we have achieved over the past five years. Each success has paved the way for this moment.

- (a) In **2019**, the Bank hosted the *Bali Fintech Agenda for Sub-Saharan Africa Conference* in Gaborone, jointly organised with the International Monetary Fund, initiating national dialogue on the role of finance and technology in development.
- (b) In **2020**, we embarked on a Digital Transformation Journey, the *Digital BoB 2024 Strategy*, which continues to guide operational transformation and exploration of emerging technologies such as Artificial Intelligence, advanced analytics, and central bank digital currencies, with a view to maintaining relevance and impact in executing our mandate, as well as entrenching operational efficiency.
- (c) In 2022, the Bank facilitated the first Fintech Landscape Mapping Survey that provided valuable insights into the status of Fintech driven innovations, appetite for Fintech driven services, opportunities for collaboration between incumbent financial service providers and emerging fintechs, regulatory gaps and opportunities

for fostering Fintech driven inclusion and efficiencies. This led to a comprehensive review of legal and regulatory frameworks and the drafting of an all-encompassing National Payments System Law that incorporates provisions for the regulation and enablement of Fintech driven services;

- (d) In **2023**, we established the *Digitalisation and Innovation Hub* with a mandate to facilitate regulatory engagement with emerging fintech startups, promote legal certainty, reduce market-entry barriers, and support fintech-enabled financial inclusion.
- (e) And in 2024, the Bank inaugurated the *National Fintech Working Group* to provide strategic direction in the development of a coordinated, inclusive Fintech ecosystem that leverages opportunities presented by financial technology to drive financial inclusion consistent with objectives of the National Financial Inclusion Strategy and Roadmap.
- (f) Earlier in September 2025, the Bank hosted a Hackathon whose objective was to facilitate the development of a one stop centralised portal that provides access to all financial services legal and regulatory frameworks in Botswana – be it frameworks under the regulatory purview of the Bank for the regulation of banking services, bureau de change services, credit bureaux, and electronic payment services; CIPA related frameworks for incorporation of companies as the gateway to doing business in Botswana; NBFIRA related frameworks for the regulation of non-bank financial services; BOCRA related frameworks for the regulation of

telecommunications services; financial intelligence regulations, and consumer protections frameworks, among others. This Hackathon unearthed a wealth of tech talent among the youth in Botswana. The Portal will be fully implemented in 2026 and will address the fragmentation that currently exists that hinders establishment of financial services entities and the ease of doing business in Botswana.

- (g) Earlier this month, the Bank facilitated the participation of local Fintechs in the Central Bank of Kenya Artificial Intelligence Hackathon. We are excited to let you know that this Hackathon was won by a Botswana Fintech. These developments are testament to the wealth of tech talent that exists in Botswana and opportunities for Fintech driven economic transformation and diversification.

Today's launch is, therefore, not the beginning of our journey; it is a significant milestone in a continuum of reforms aimed at positioning Botswana as a leading Fintech hub and a digitally ready, innovation-friendly and capable investment destination.

Our vision is clear: a financial ecosystem that is inclusive, resilient, and globally competitive. But achieving this vision requires more than financial technology driven infrastructure, it demands a mindset shift. We must embrace agility, foster creativity, and cultivate partnerships that transcend traditional boundaries. The Sandbox stands as a catalyst for this transformation. It invites innovators, regulators, and stakeholders to co-create solutions that address real challenges, solutions that make financial services accessible to a farmer in Motokwe, affordable for a

small business in Kachikau, and secure for a student in any part of the country.

However, this is not just about technology; it is about empowerment.

Every innovation tested in the Sandbox has the potential to unlock opportunities for education, healthcare, agriculture, and entrepreneurship, among others. It has the power to reduce inequality, accelerate growth, and strengthen social cohesion. You will note, however, that is we call this initiative “Safe Innovation” because progress must never come at the expense of stability or trust. Our responsibility is to ensure that as we innovate, we protect consumers and uphold the integrity of our financial system.

Looking ahead, the success of the Bank’s Regulatory Sandbox will depend on collaboration. We invite fintech firms, financial institutions, innovators, and development partners to join us in this journey. Together, we can build an ecosystem that nurtures ideas, rewards creativity, and delivers impact and financial dignity for the citizenry. Let us commit to continuous learning, open dialogue, and shared accountability. Let us ensure that Botswana does not merely adapt to global trends but leads in shaping a digital economy that reflects our values and aspirations.

As part of this launch, the Bank will issue Regulatory Sandboxing Guidelines whose objective is to provide guidance on application and requirements for entry into the Regulatory Sandbox. Also, in collaboration with the National Fintech Working Group, the Bank will issue a Fintech Analytical Assessment Framework, whose objectives are to guide identification and regulation of novel Fintech driven services and

business models; identification of risks inherent in Fintech activities; as well as promotion of legal certainty for novel innovations currently not covered by existing laws. Subsequent to this launch, the Bank will be announcing an Application Window in the coming week, during which we will open for applications for entry into the Sandbox. Innovators are encouraged to keep an eye on the Bank's Fintech Portal and Website for this invitation to apply for entry into the Sandbox.

Ladies and Gentlemen, the launch of the Bank of Botswana Regulatory Sandbox is a defining moment. It is a call to action, a call to innovate boldly, regulate wisely, and work collectively to enable access to safe, affordable, and efficient financial services for all to participate in the digital economy.

Thank You.