



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Innovation Sandbox Programme

Insights Report

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Foreword

Ireland's financial system faces a fundamental challenge: criminal networks move quickly across borders and institutions while prevention efforts remain largely isolated. In the absence of collaboration, gaps appear for criminals to exploit. Our Innovation Sandbox Programme on Combatting Financial Crime, launched in December 2024, aimed at directly addressing these gaps. In doing so, it aligns with our mission to serve the public interest by maintaining monetary and financial stability while ensuring that the financial system operates in the best interests of consumers and the economy.

Over six months, seven participant projects developed innovative solutions to protect consumers from fraud, enable real time address verification, and allow data collaboration without compromising privacy. During the Sandbox Programme, solutions progressed to commercial deployment or entry into market testing, with all participants gaining regulatory advice and support to assist in their product development.

More than just technological achievements, these outcomes represent a new model for innovation engagement, where collaboration accelerates safe innovation. The results validate the Central Bank's conviction that effective regulation requires open engagement with the innovation ecosystem. Most importantly, it demonstrates that when the ecosystem works together with clear purpose, meaningful progress follows.

The Innovation Sandbox Programme supports the delivery of the Central Bank's strategy. We are therefore keen to apply these insights to our second programme, "Innovation in Payments", which will address inclusive access to the digital economy, frictionless and transparent money movement, resilient and secure payments and safe integration of emerging technologies.

The foundation is established and the collaborative approach proven. We look forward to continuing our role in supporting innovation that delivers better outcomes for the public good.

Mícheál O'Keeffe

Director of Policy and International
Central Bank of Ireland



Key Statistics

	Applications Received	38
	Participants Selected	7 (including 2 partnerships)
	Geographic Reach	Ireland, Europe and UK
	Programme Duration	6 months (December 2024 – June 2025)
	Regulatory Advice and Support	62 dedicated support sessions, 6 workshops
	Internal Expertise Leveraged	100+ Central Bank Staff
	Research Collaboration	Data Hackathon with 40+ students submitting research reports

Executive Summary

Central Bank of Ireland's inaugural Innovation Sandbox Programme on Combatting Financial Crime represented a significant milestone in the evolution of our innovation engagement facilities. Running from December 2024 to June 2025, the Programme demonstrated the value of a collaborative, outcomes-focused approach in accelerating the development of innovative solutions that serve the public good. The Programme engaged seven participants across three key areas of financial crime prevention, creating a structured environment where technology firms, financial institutions, and regulatory experts worked together to solve industry-wide challenges.

This report is structured in four main sections:

- 1) The Central Bank's innovation strategy and the rationale for establishing the Innovation Sandbox Programme.
- 2) Detail on the Programme's design, delivery methodology, and participant outcomes across three categories: information sharing, identity verification and fraud prevention.
- 3) Key learnings from the Programme organised around collaboration, privacy-enhancing technologies and opportunities for regulation to evolve alongside innovation.
- 4) Strategic insights on managing regulatory innovation engagement, which will directly inform our approach to the second Innovation Sandbox Programme on "Innovation in Payments", and our broader innovation engagement strategy going forward.

Participant Outcomes

Participant	Category	Innovation Focus	Outcome
AMLYZE	Information Sharing	AMLTRIX: an open-source knowledge framework for AML/CFT typologies	✅ Launched during programme
ROSEMAN LABS		Privacy-enhancing technology for data sharing	✅ Proof of concept with two Irish banks
SEDICII / PTSB	Identify Verification	Zero-knowledge proof name and address verification	✅ Developed and completed a pilot programme
TRUSTELEVATE		Digital onboarding for minors	✅ Regulatory clarity provided
VIDOS		Digital identity verification	✅ Regulatory clarity provided
EXPLEO	Fraud Prevention	Phone call blocking	✅ Phone call blocking prototype developed
FORWARD EMPHASIS / PASABI		AI-driven motor insurance fraud detection	✅ Ghost broking detection prototype developed

Thematic Learnings

The Innovation Sandbox Programme revealed three key insights for financial crime prevention innovation.

1. **Collaborative solutions are key:** Industry-wide collaboration on solutions is essential for countering criminal networks that operate across borders and institutions.
2. **Privacy-enhancing technologies enable compliant data collaboration:** The Programme demonstrated that perceived conflicts between AML/CFT compliance and GDPR obligations could be technically resolved using privacy-enhancing technologies. Organisational awareness of the technologies, particularly among legal and data protection teams, remains the primary implementation barrier.

3. **Opportunities for regulation to evolve alongside innovation:**

Regarding partnerships formed under Article 75 of the new EU Anti-Money Laundering Regulation, their voluntary nature and the term “strictly necessary” may limit their uptake.¹ Supporting innovation could require publishing typologies in structured formats and leveraging authoritative data sources for enhanced KYC processes.

Strategic Insights

Managing the Innovation Sandbox Programme directly generated broader insights about regulatory innovation engagement and its benefit to innovators, regulators and the wider ecosystem.

1. **Outcomes-focus drives meaningful collaboration:** The outcomes-focused design of the Programme enhanced the Central Bank's convening role, directing diverse stakeholders toward developing tangible innovations rather than purely consultative engagement.
2. **Collaborative innovation delivers greater public good outcomes:** Cross-sectoral collaborative solutions demonstrated significantly greater potential for scalable public impact than single-firm innovations, suggesting future programmes should prioritise multi-stakeholder challenges.
3. **Staff engagement proves essential for programme success:** The Programme's success in providing regulatory advice and support depended fundamentally on Central Bank staff engagement and collaboration across multiple supervisory and policy divisions. Sustained interaction between Central Bank staff and participants created mutual learning opportunities about regulatory nuances and technological capabilities, which helps to inform day-to-day regulation and supervision.
4. **Programme unlocks pre-implementation regulatory insights:** Testing regulation such as Article 75 partnerships before their formal implementation provided valuable insights for all stakeholders, representing a promising approach for future programmes.

¹ Article 75 of the new [EU Anti-Money Laundering Regulation](#) provides the legislative basis for the first time in the EU for the sharing of certain confidential, customer-level information between private sector operators under the auspices of “Partnerships for Information Sharing”. Article 75 contains a number of caveats and establishes a number of important guardrails designed to strike the balance between effectively combatting money laundering and terrorist financing and protecting the privacy and the data of all EU citizens.

These learnings and insights are informing our second programme on "Innovation in Payments," representing an evolution in how we engage with innovation to deliver benefits for consumers and businesses while ensuring risks are identified and managed effectively.

Introduction

The Central Bank of Ireland's mission is to serve the public interest by maintaining monetary and financial stability while ensuring that the financial system operates in the best interests of consumers and the wider economy. With more firms seeking to innovate by harnessing new technologies, we deliver on our mission by ensuring the benefits of these changes are realised, and the risks appropriately mitigated. As outlined in the Central Bank's [five-year Strategy \(2022-2026\)](#), one of our strategic themes to deliver on our mission is by being Future-Focused: this enables us to better understand, anticipate and adapt to the far-reaching changes brought by innovation in financial services.

We seek to play our part in fostering an innovative and resilient financial sector in Ireland, which serves the evolving needs of households and businesses into the future. Our ambition is to develop the necessary capabilities, analysis, risk-assessment and oversight approaches - contributing to the on-going technological and business model innovation in financial services.

The pace of innovation in financial services creates novel opportunities and complex challenges. New technologies, business models and market entrants, can deliver significant benefits for consumers and the economy, but they also introduce risks that can challenge traditional regulatory approaches. The speed of technological change requires regulators to engage directly with innovators during the early development stages, so that benefits are realised and risks better managed.

It is in this context, and noting our wider EU and international roles, that we seek to have deeper engagement with innovation in financial services. We see this engagement as being necessary to advance our public policy aims by:

- Deepening our understanding of innovation in the financial services sector, which allows us to better understand the opportunities and risks for consumers and the economy.
- Better informing our regulatory approach, allowing us to ensure that our regulation is aligned with a well-functioning

"We seek to play our part in fostering an innovative and resilient financial sector in Ireland, which serves the evolving needs of households and businesses into the future"

financial system based on appropriate levels of competition and innovation.

- Better explaining innovative firms what being regulated entails so that firms can build regulatory compliance and safeguards into their early-stage development.
- Embedding a regulatory culture in nascent and fast-growing firms to ensure they are properly prepared for the responsibilities that come with being a regulated firm, as well as operationally resilient and properly governed once authorised.

Realising the benefits and managing the risks of innovation requires innovative approaches. Recognising this, the Central Bank designed an Innovation Sandbox Programme to foster collaboration across the ecosystem while providing regulatory clarity.

Innovation Sandbox Programme

Our Sandbox Programme creates a structured, collaborative environment where technology firms, financial institutions and regulatory experts work together to solve industry wide challenges through six-month thematic initiatives. This approach enables us to assess innovation in a controlled manner while providing participants with regulatory advice and support aligned with our public policy objectives.

First Theme: Combatting Financial Crime

Trust is one of the fundamental cornerstones of a well-functioning, resilient financial system. Financial crime erodes this trust for those who rely on its integrity. The fight against financial crime diverts resources from economically and socially productive uses, and can undermine system-wide stability. Criminal networks operate quickly across institutions, sectors and borders, making isolated detection efforts far less effective than coordinated responses.

We selected “Combatting Financial Crime” as our inaugural programme theme because this pressing challenge goes to the heart of our mandate while requiring industry collaboration to address effectively. The Programme explored ways to transform technology from an enabler of financial crime to a trusted tool in its detection and disruption.

To support the application process for the Innovation Sandbox Programme, six core problem statements were proposed:

“...a structured, collaborative environment where technology firms, financial institutions and regulatory experts work together to solve industry wide challenges through six-month thematic initiatives”

1. How can technological solutions deliver positive outcomes for consumers and firms in combatting financial crime?
2. Can collaboration and information-sharing enhance anti-money laundering and counter terrorism financing efforts?
3. How can innovative technology support firms in meeting regulatory obligations?
4. How can technology better detect patterns indicating financial crime?
5. How can anti-crime solutions protect privacy, data, security and consumer protection?
6. How do emerging technologies impact regulatory frameworks?

“...combining regulatory expertise via workshops and dedicated support, access to relevant datasets and research community engagement”

Programme Design

We designed a comprehensive six-month programme focused on combining regulatory expertise via workshops and dedicated support, access to relevant datasets and research community engagement. The framework comprised three interconnected components:

1. **Workshops** brought all participants together to learn from industry experts and share common challenges. Topics ranged from current Anti Money Laundering (AML) supervision practices, to the new Consumer Protection Code, to the new EU Artificial Intelligence (AI) Act, creating a collaborative learning environment of value to participants.
2. **Dedicated Support** paired each participant with a Sandbox Programme Manager who coordinated access to Central Bank expertise, and externally with relevant organisations such as representative bodies and other regulatory authorities. This tailored approach ensured participants received specific guidance relevant to their innovations and needs.
3. **Data Platform Access** provided participants with hundreds of publicly available, synthetic datasets and analytical tools relevant to financial crime detection, offered to support evidence-based ideation and innovation.

Programme Delivery

The inaugural Innovation Sandbox Programme attracted 38 applications from across the innovation ecosystem, highlighting strong industry appetite for collaborative solutions. From these 38 applicants we selected seven participants representing a diverse

group of innovators from Ireland, across Europe and the UK - including start-ups, scaling firms, partnerships and established financial services institutions. The seven participants were categorised across three complementary areas:

1. **Information Sharing Solutions** address the reality that criminal networks operate across institutions faster than isolated detection efforts can respond. By sharing threat intelligence and suspicious activity patterns, financial institutions can create a more robust 'collective' defence while reducing compliance costs.
2. **Identity Verification Solutions** provide the foundation for collaborative defence, as effectiveness depends critically on accurate identity verification of participants and customers. These solutions enable robust security checks while protecting personal data.
3. **Fraud Prevention Solutions** focus on proactive detection and prevention of fraudulent activities before losses occur, protecting consumers and maintaining trust in the financial system.

The Programme ran from December 2024 to June 2025, with six collaborative workshops conducted in this period. Each workshop began with project updates on progress and challenges, followed by expert presentations tailored to participant needs from internal and external Subject Matter Experts (SMEs). The workshops covered:

1. **Programme Induction** introducing the data platform and refining participant objectives.
2. **Trends and Themes in Financial Crime** highlighting real victims and the importance of anti-fraud solutions which underscored both the human cost of fraud, its real victims and the critical role of effective anti-fraud solutions.
3. **Current Regulatory Themes** covering AML/CFT supervision, operational resilience and industry initiatives.
4. **Data Sharing** exploring regulatory-led initiatives including Article 75 of the AML Regulation.
5. **Horizon Scanning** discussing emerging regulations including FATF (Financial Action Task Force) recommendations, [EU AI Act](#), and relevant [Consumer Protection Code](#) provisions.
6. **Showcase Event** where participants demonstrated their developed solutions.

“Each workshop began with project updates on progress and challenges, followed by expert presentations tailored to participant needs”

Beyond workshops, participants engaged in **60+** dedicated support sessions, accessing **100+** Central Bank subject matter experts. This important two-way exchange was a key driver of the design and delivery of the Programme. A wide range of external organisations, whom participants might not have been able to access independently, also supported participant engagement throughout the six-month Programme. This willingness both from our staff and colleagues in external organisations to engage with the Programme was central to the delivery of key outcomes.

Research Engagement

A core component of the Innovation Sandbox Programme was the exchange of insights through the Central Bank's [Research Engagement Programme](#). This feature involves advancing research in important areas connected to the theme, taking various forms as required.

For the Combatting Financial Crime Sandbox Programme, this took the form of a **Data Hackathon** in partnership with the University of Limerick (UL). Students from a number of select UL courses were granted access to the Data Platform to advance research objectives aimed at minimising fraud, improving AML/CFT frameworks and building transaction security.

The aim of the Data Hackathon was to enable students to demonstrate independent quantitative research skills, and apply these skills to the Central Bank's bespoke data repository to derive original insights. A number of award-winning projects were identified, covering areas such as internal controls in motor insurance, health risk underwriting and borrower behaviour analytics.

“...advancing research in important areas connected to the theme”

Participant Outcomes

The Innovation Sandbox Programme delivered tangible progress in terms of products advanced to live commercial deployment and functional prototypes developed for market testing. All participants gained regulatory clarity to accelerate development of their respective innovations.

Outcomes by Category

Information Sharing Solutions

AMLTRIX Framework (AMLYZE)

AMLYZE launched AMLTRIX during the Programme - **an open-source knowledge framework that structures financial crime typologies into actionable intelligence**. The framework breaks down money laundering into distinct tactics, techniques, and indicators, enabling AML/CFT analysts, data scientists, regulators and law enforcement to map real-world behaviour to specific responses. AMLTRIX is now actively building a global community of contributors to evolve the framework.

Encrypted Data Collaboration (Roseman Labs)

Roseman Labs demonstrated the technical feasibility of **privacy-enhancing technologies for information sharing partnerships that maintain strict privacy safeguards under Article 75 of the AML Regulation**. Article 75 of the AML Regulation, effective July 2027, provides the first EU legislative basis for financial institutions to share financial crime intelligence while maintaining data protection compliance. Working with two Irish pillar banks, Roseman Labs developed a proof-of-concept information sharing solution for cross-bank alert matching and recent account opening detection.

Roseman Labs moved from proof-of-concept to production planning during the Programme, partnering with spotixx to develop the prototype into "Qorum" - a commercial product for financial institutions.

Identity Verification Solutions

Address Verification System (Sedicii/PTSB)

The partnership between Sedicii and PTSB successfully developed and completed a pilot programme that demonstrates **real-time name and address verification using authoritative data sources**. The solution employs zero-knowledge proof technology to validate names and addresses against ESB Networks' national customer database - the authoritative source for Irish address data - without sharing personal information. This innovation addresses a longstanding eKYC pain point affecting the entire banking and regulated financial services sector. The solution progressed through PTSB's internal controls during the Programme ahead of rollout. Significantly, sandbox participation accelerated development timelines while providing regulatory clarity that KYC using

authoritative digital data achieves compliance obligations without the need to collect paper documentation.

Digital Onboarding for Minors (TrustElevate)

TrustElevate's solutions can link parent and child accounts, enabling parents to monitor spending and prevent unauthorised transactions while allowing authorised parents to approve actions like opening a minor's bank account or issuing prepaid cards. TrustElevate demonstrated **digital onboarding processes for children and young people that eliminate branch visit obligations** while maintaining enhanced scrutiny. The solution provides verified parental consent and relationship verification, improving financial inclusion for young people.

"Sandbox participation accelerated development timelines while providing regulatory clarity"

Digital Identity Verification (Vidos)

Vidos specialises in **verifying digital identity documents and credentials, helping financial institutions verify customer identities for regulatory compliance and fraud prevention**. Vidos' solution aims to reduce verification friction while maintaining security and compliance with regulations, such as the [EU's EU Digital Identity Regulation](#) (eIDAS 2.0). Vidos gained regulatory clarity on eIDAS 2.0 requirements and selective disclosure frameworks through programme participation. This understanding enabled more informed product decisions, with two pilot projects scoped.

Fraud Prevention Solutions

Phone Call Blocking (Expleo)

Expleo offers an anti-smishing solution called ProtectUS. ProtectUS integrates directly into banking apps on users' mobile devices, identifying when customers receive SMS text messages from fraudulent sources and blocking these messages to prevent scams before they cause harm. During the Programme, Expleo **extended the ProtectUS anti-fraud solution from SMS protection to also include phone call blocking**. Once launched, this enhanced solution will again directly integrate into banking applications on mobile devices, identifying and blocking fraudulent phone calls before customers engage with scammers.

Ghost Broking Detection (Forward Emphasis/Pasabi)

Forward Emphasis and Pasabi's joint objective was to **develop and test a motor insurance application fraud analytics solution to detect "ghost broking"** - fraud occurring in the pre-sales process. During the programme, they developed the AI-driven analytics

solution which analyses hundreds of data points in real-time to identify fraudulent applications before policies are issued.

The diverse experiences of our seven participants across information sharing, identity verification, and fraud prevention revealed both significant opportunities and implementation challenges. These experiences provide valuable insights for both the innovation ecosystem and regulatory approach.

Thematic Learnings

The diverse experiences and outcomes achieved by the seven participants provide valuable insights into both opportunities and persistent challenges. Over the course of the six-month programme, the Central Bank gained significant insights into what is needed to improve financial crime prevention efforts, including the potential for innovative technologies and regulatory clarity.

“Industry-wide, collaborative solutions could address systematic vulnerabilities more effectively”

Combatting Financial Crime Requires Collaboration

Industry-Wide Collaboration is Key: Individual institutions cannot effectively counter criminal networks that operate across borders, sectors and institutions. Many current approaches still focus on individual institutional needs rather than system-wide prevention. For example, fraud detection often emphasises post-sale analysis rather than pre-sale prevention, leaving gaps that criminals exploit during application processes. Industry-wide, collaborative solutions could address these systematic vulnerabilities more effectively.

Economies of Scale Drive Viability: When executed effectively, collaborative solutions, such as Article 75 partnerships, could reduce costs for individual participants while significantly enhancing system-wide resilience. However, such solutions often require upfront capital and operational investment to reach viable economies of scale.

Clear Regulatory Guidance and Support Structures Needed: To enable this collaboration, structures such as the Innovation Sandbox Programme are required to provide regulatory guidance in real time.

Privacy-Enhancing Technologies Enable Compliant Data Collaboration

Technical Solutions to Regulatory Tensions: The Programme demonstrated that perceived conflicts between AML/CFT compliance and GDPR obligations could be technically resolved through privacy-enhancing technologies. The Roseman Labs encrypted computing solution and Sedicii's zero-knowledge proof

methods show that institutions can share relevant information for financial crime prevention while maintaining data protection compliance.

Industry and System Wide Adoption Remains a Challenge:

Technical capability does not guarantee broader based adoption. Legal and data protection teams within financial institutions generally have low awareness of privacy-enhancing technologies, representing the primary implementation barrier. The knowledge gap extends across public and private sectors, preventing organisations from recognising solutions to what they perceive as irreconcilable regulatory conflicts. Adoption requires sustained change management and education programmes, not just technical deployment.

“...regulatory guidance in real time”

Public-Private Partnerships Show Promise: The Sedicii and ESB Networks collaboration demonstrates the potential when authoritative data sources, which could be private or public, are made available through privacy-enhancing technologies. This model shows how public and private custodians of valuable datasets could contribute to financial crime prevention while maintaining appropriate privacy safeguards.

Opportunities for Regulation to Evolve Alongside Innovation

Article 75 Implementation Challenges: The voluntary nature of Article 75 partnerships may limit their uptake, particularly given the required investment for firms and competing regulatory priorities. More fundamentally, the term “strictly necessary” in Article 75 creates a regulatory dilemma: organisations need to experiment with real client data to determine utility for AML/CFT purposes but must first prove strict necessity – creating a circular dependency that could inhibit innovation. This highlights the need for the wording under Article 75 to evolve, a policy issue which we can raise with Government and EU authorities going forward.

Supporting Innovation Infrastructure: Publishing typologies in structured formats could enable better technology implementation and support shared taxonomies for threat intelligence sharing. Similarly, data-based KYC using privacy-enhancing technologies can improve customer experience while achieving higher compliance rates without compromising an individual’s right to privacy, provided sufficiently authoritative data sources are available.

Fraud Prevention Blind Spots: Ireland lacks comprehensive baseline data on emerging fraud types like ghost broking, impeding effective policy responses.

As outlined, the Innovation Sandbox Programme has provided valuable insights into both the opportunities and challenges associated with innovative approaches to financial crime prevention. The Programme has demonstrated that privacy-enhancing technologies can enable enhanced collaboration while maintaining regulatory compliance, but has also highlighted potential barriers to adoption including regulatory interpretation, organisational resistance, and knowledge gaps.

Key themes that emerged include the importance of industry and system-wide collaboration, the potential for technology to solve previously intractable privacy-versus-security challenges, and the need for continued attention to consumer protection in an evolving digital landscape. These learnings reflect the experiences and perspectives of sandbox participants and may inform future innovation initiatives across the financial services ecosystem.

While these programme-specific learnings inform our understanding of financial crime innovation, our experience managing the Programme itself generated broader insights about regulatory innovation engagement that will inform future initiatives.

Strategic Insights

The methodology and delivery of the Innovation Sandbox Programme is subject to continual assessment and impact review. The Central Bank is working with University of Limerick on an independent Academic Paper to empirically assess the Innovation Sandbox Programme, comparing it to peer programmes and identifying opportunities for improvement. While we await this comprehensive analysis, several strategic insights have emerged from our direct experience managing the Programme.

Outcomes Focus Drives Meaningful Collaboration

The Central Bank is uniquely placed to bring together diverse public and private stakeholders around shared finance crime-related challenges. The outcomes-focused design of the Innovation Sandbox Programme leveraged this convening role strategically, directing it toward the development of tangible innovations for the public good, rather than purely consultative engagement. Participants consistently noted the value of accessing expertise and connections they could not have reached independently, from public sector

“...multi-stakeholder solutions unlock greater value for the public good”

organisations like ComReg, the Financial Intelligence Unit within An Garda Síochána, and the Department of Culture, Communications and Sport, to research bodies like the Future of Financial Intelligence Sharing (FFIS).

Collaborative Innovation Delivers Greater Public Good Impact

Cross-sectoral partnerships, exemplified by the Sedicii, PTSB, and ESB Networks collaboration, demonstrated potential for significant, scalable impact on consumers and the financial system. These multi-stakeholder solutions unlock greater value for the public good than single-firm innovations. This experience suggests future programmes should prioritise challenges requiring collaboration over individual company needs, and to seek to address systemic rather than firm-specific issues.

Staff Engagement Proves Essential for Programme Success

The Innovation Sandbox Programme's success depended fundamentally on Central Bank staff lending their regulatory expertise across multiple divisions from the Financial Regulation, Consumer and Investor Protection, and Monetary and Financial Stability pillars. Staff contributed both technical knowledge and contacts from their external networks. The Programme's design enabled deeper, sustained engagement between staff and participants over multiple meetings, creating mutual learning opportunities about regulatory nuances and technological capabilities. This also included participants sharing their knowledge on technology during the Central Bank's internal and ongoing "Innovation Talks" series. Staff willingness to engage openly with participants proved central to the Programme's positive outcomes and provided them clear learning to take into their day-to-day roles, representing an area to explore further in future programmes.

"Both regulator and industry gained practical understanding of implementation challenges and opportunities ahead of any more formal industry/regulator engagement methods"

Programme Can Unlock Pre-Implementation Regulatory Insights

Testing Article 75 partnerships in advance of the new AML Regulation coming into effect in July 2027 provided valuable insights for all stakeholders. This approach of early examination of new requirements in controlled environments represents a promising use case for future programmes. Both regulator and industry gained practical understanding of implementation challenges and opportunities ahead of any more formal industry/regulator engagement methods.

Next Steps

Building directly on these insights, the theme for our second Innovation Sandbox Programme is "Innovation in Payments".

The objective is to accelerate solutions that deliver safer, faster and more inclusive payments for households and businesses, while giving the Central Bank early insight into emerging risks and supervisory questions. The Innovation in Payments theme also complements the Central Bank's catalyst role to promote the development and adoption of new and improved payment and security standards and solutions to improve market efficiency.

There are four Focus Areas for Payments Innovation:

1. Inclusive Access to the Digital Economy

How can everyone confidently engage in the digital economy?

The rapid shift to digital payments is transforming how people access and manage money, yet some consumers – including those in vulnerable circumstances – remain excluded. Limited access and unintuitive user experiences prevent segments of society from participating fully in the digital economy, creating barriers to financial inclusion and financial wellbeing.

2. Frictionless and Transparent Money Movement

How can payments be made seamless, transparent, and efficient to benefit both consumers and businesses?

Consumers and businesses increasingly expect instant, low-cost payments that work seamlessly across banks, providers, platforms, and borders. Fragmentation can harm efficiency in payments, resulting in higher costs for businesses and households. Creating interoperable, real-time payment systems with full transparency on costs, speed and settlement, can deliver greater control, confidence and efficiency.

3. Resilient and Secure Payments

How can payments be strengthened to reduce fraud, ensure integrity, and enable faster, safer, and more accessible payments?

The expansion of digital and cross-border payments introduces greater risks of fraud, cybercrime, and systemic instability. Harnessing advanced technologies – including AI, real-time monitoring, and collaborative fraud detection – can prevent threats before they affect consumers, reduce financial crime, and protect the integrity of the financial system while enabling faster, more accessible payments.

“The objective is to accelerate solutions that deliver safer, faster and more inclusive payments for households and businesses, while giving the Central Bank early insight into emerging risks and supervisory questions”

4. Safe Integration of Emerging Payment Technologies

How can new technologies be safely adopted while protecting consumers and maintaining system-wide security and stability?

Emerging technologies and infrastructure – such as AI-powered financial services, tokenised payments, and stablecoins – offer potential benefits, but can also introduce risks around privacy, interoperability, security, compliance, and consumer protection. Without careful integration, these innovations may undermine financial stability and trust.

Enhanced Programme Design

For our second Innovation Sandbox Programme, we will deploy the collaborative approach we learned in our first programme to try to overcome these new challenges, while also incorporating enhanced features based on experience:

- **Leveraging Convening Role More Strategically:** We will keep existing features but will enhance our ability to advance outcomes-focused collaboration. To do this, we will consider how we can use our convening powers to bring in a wider range of relevant third-party expertise to collaborate on solving industry-wide challenges.
- **Focus on Multi-Stakeholder, Systemic Challenges:** We will seek where possible to prioritise challenges requiring collaboration over individual company needs, and to address systemic rather than firm-specific issues.
- **Generate Greater Learning Opportunities for our Staff:** By creating more opportunities for more staff to learn directly from participants, whether that be via internal cross-Bank talks or more targeted sessions to relevant teams.

“...when the ecosystem works together with clear purpose, meaningful progress follows”

Conclusion

The Innovation Sandbox Programme validates the effectiveness of structured regulatory-industry collaboration in accelerating innovation while ensuring public interest outcomes. The Programme demonstrates how privacy-enhancing technologies and collaborative approaches show significant promise. The regulatory implications of the Innovation Sandbox Programme can be summarised as:

For the Innovation Ecosystem: The sandbox model works when participants engage fully and address industry and system-wide challenges rather than narrow commercial interests.

For Regulators: Convening role multiplies when combined with structured programmes bringing diverse stakeholders together around common problems.

For Consumers: Innovation can deliver better outcomes when regulatory oversight ensures solutions serve public interest from the outset.

The Innovation Sandbox Programme demonstrated that when the ecosystem works together with clear purpose, meaningful progress follows. Only by working together can we build a financial system that is both innovative and trustworthy, serving the public interest while fostering the technological advancement our economy's needs. These learnings now inform our second programme on "Innovation in Payments," representing an evolution in how we engage with innovation to deliver benefits for consumers and businesses while ensuring risks are identified and managed effectively.

Information about the Central Bank's Innovation Sandbox Programme is available at:

<https://www.centralbank.ie/regulation/innovation-hub/innovation-sandbox-programme>

Firms interested in participating in the Innovation Programme are encouraged to email us at: sandbox@centralbank.ie

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