
Test environment

Documents

[Application form \(docx, 27.80 kB\)](#)

The test environment of Finantsinspeksioon is designed to support the work of Finantsinspeksioon's Innovation Hub by enabling an entrepreneur and Finantsinspeksioon to agree, as needed, on the long-term systematic monitoring of an innovative solution to map the risks associated with the solution, identify opportunities to mitigate negative impacts, and thereby make more informed decisions in qualifying the service, analysing the applicable legal framework and developing financial supervisory positions.

Subjects of supervision with a licence from Finantsinspeksioon may test their solutions in the testing environment. Potential subjects of supervision may also use the test environment for testing solutions in extraordinary cases and when the need is justified. Participation in the test environment therefore requires prior contact with Finantsinspeksioon's Innovation Hub, which allows the company to discuss possible testing needs with Finantsinspeksioon in advance. Compared to the Innovation Hub, the expectations for participating in the test environment are higher. Testing in the test environment can only be justified for very innovative solutions that cannot be placed in an existing legal framework without long-term monitoring of the solution.

The testing process is clearly outlined and structured. Before testing begins, the operator and Finantsinspeksioon agree on the precise objectives of the test, how and how often they will be measured, the duration of the test and the stages of the test. The feedback received from Finantsinspeksioon during the test is based solely on the parameters of the test and does not form the basis for Finantsinspeksioon's further consideration of the solution being tested. Completion of the testing period does not guarantee that the company will be granted an authorisation if a future need to acquire a license arises and is not an assessment of compliance with the applicable regulatory requirements. In the event of deviation from the test plan, premature achievement of the test results, potential reputational damage, rendering the results unnecessary, or failure of the solution to meet the criteria for participation in the test environment, Finantsinspeksioon has the right to declare the test terminated before the test deadline.

The length of the testing period is usually up to 6 months, depending on the agreement between the operator and Finantsinspeksioon. If necessary, the company can apply for an extension of the test up to a maximum of 12 months. As the testing process is time-consuming and requires significant resources not only from the company but also from Finantsinspeksioon, no more than one solution in the active testing phase can currently participate in the test environment at any moment in time. The admission of a company's solution to the test environment is decided by Finantsinspeksioon on a case-by-case basis, according to the necessity of the requested test, its compliance with Finantsinspeksioon's objectives and the resources available to carry out the test.

All companies meeting the [\[criteria\]](#), including both existing and potential subjects of financial supervision, as well as RegTech and SupTech companies creating support solutions for financial service providers and financial supervisors, respectively, can apply for testing in Finantsinspektsioon's test environment. If the tested solution involves the provision of a regulated financial service that requires a licence issued by Finantsinspektsioon, only technical testing will be allowed in the test environment and the service that constitutes the content of the test may not be publicly offered or provided to clients during the testing. In the case of the provision of non-licensed solutions to the public market, a limited number of customers will be agreed within the test, and those customers will need to be informed of the company's participation in the test environment and the potential impact on customers.

Organisation of the test environment

In order to participate in the test environment, a company must have previously contacted Finantsinspektsioon's Innovation Hub and presented its solution and related issues to Finantsinspektsioon. If, in the course of the review of the solution through the Innovation Hub, it is understood that a longer period of testing and evaluation of the performance of the solution is necessary to qualify the service, clarify the legal framework and/or clarify the post-finance views, the entrepreneur may submit [\[a request\]](#) to include the solution in the Test Environment.

When submitting the request, the entrepreneur must explain the compliance of the solution with the [\[criteria\]](#) for entry into the Test Environment and describe a test plan that explains the objectives, expected duration and timing of the testing and describes the metrics that will enable the supervisory authority to regularly assess the progress of the testing and the achievement of the objectives. When the request is received, an Innovation Specialist of Finantsinspektsioon will assess the compliance of the solution with the criteria for participation in the test environment and the expected results of the test and, if necessary, clarify the content of the request with the company. During the subsequent consultation phase, a detailed testing plan will be agreed with the entrepreneur. The content of the test plan and the start of the test will be approved by the board of Finantsinspektsioon.

During the test, the entrepreneur undertakes to provide Finantsinspektsioon with regular reports on the progress of the test and the metrics set out in the test plan, as agreed in the test plan, to enable Finantsinspektsioon to assess whether the objectives of the test have been met. Throughout the testing period, Finantsinspektsioon will provide feedback, as necessary and based on the knowledge gained from the testing, on issues related to the qualification of the service, the possible legal framework and financial supervision positions. At the request of the company, it is possible to agree on regular workshops to analyse the progress of the test and the information gathered on the solution in cooperation between the company and Finantsinspektsioon. At the end of the test, the company is obliged to prepare a report on the form provided by Finantsinspektsioon, which describes, among other things, the course of the test, the key milestones, the achievement of the test objectives, the test results and the impact of the test on the further development of the solution.

[Criteria for participation in the test environment](#)

In order to participate in the test environment, the tested solution must meet the [criteria for](#)

[participation in the Innovation Centre:](#)

1. The product/service or risk control solution is innovative in some aspect, uses novel technologies or uses technology in a novel way; The product or service or risk control solution is innovative in some respect, uses innovative technologies or uses technology in a new way
2. The product/service or risk control solution has the potential to create added value for the customer or society, or to increase the efficiency of the operational processes of financial intermediaries, while ensuring that risk controls are implemented at least at the previous level; The product or service or risk control solution has the potential to create added value for customers or for society or to make the operating processes of financial intermediaries more efficient while still ensuring that risk controls are at least at their previous level
3. The product/service or risk control solution can be classified in the financial sector or can be substantially implemented by firms operating in the financial sector; The product or service or risk control solution is classified under the financial sector or is substantially applicable for companies operating in the financial sector
4. The product/service or risk control solution has a direct link to Estonia; The product or service or risk control solution has a direct connection to Estonia
5. The company that requests testing or its managers have not been penalised for an offence of a commercial nature, criminal official misconduct, offence against property, offence against public trust or act of terrorism or for financing or supporting activities aimed at the commission of terrorism or there are other circumstances that jeopardise the reliability of the financial sector. The company or its managers have not been convicted of an economic, professional, property or public trust offence or of financing or supporting a terrorist crime or activities aimed at committing one, and there are no other circumstances that would threaten the trustworthiness of the financial sector

In order to be eligible to participate in the test environment, the solution must also meet the following additional criteria:

6. The solution needs to be tested in cooperation with Finantsinspektsioon;
7. The solution being tested is sufficiently well developed to allow it to achieve in full the targets set for it in the testing;
8. The company applying for testing will be able to collect and submit technical or other information on the solution regularly throughout the testing period to Finantsinspektsioon, which can then assess the achievement of the targets of the tests.

The guidelines given in the work of the test environment do not generally include any formal approvals (including endorsements), consents and/or authorisations on the interpretation of the legislation/regulation and cannot be considered as a legally binding position of Finantsinspektsioon and cannot be relied upon and referred to as legal advice. The official views of Finantsinspektsioon are expressed by the board. Reasonable efforts will be made to respond quickly to questions on the operation of the test environment and to ensure the correctness, accuracy and completeness of the

data used by Finantsinspeksioon. The response will be limited to the questions and data collected during the testing process and will not reflect Finantsinspeksioon's approach to the solution outside the test environment. Finantsinspeksioon is under no obligation to correct the guidelines given in the course of the work of the test environment if new circumstances subsequently emerge. Completion of the testing period does not guarantee that the company will be granted an authorisation if a future need to acquire a license arises and is not an assessment of compliance with the applicable regulatory requirements.

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