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Designing Effective Regulatory Sandboxes for Fintech Innovations

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How did sandboxes enter regulatory tool kit?

- Regulations lag behind
 - This time we are told regulators might be rendered irrelevant if sitting still
- Regulations written in the analogue era unfit for today's digital revolution
 - But no one has been able to clearly state what digital regulations look like
- Regulations are impeding financial inclusion

What are the goals of setting up sandboxes?

- Reduce regulatory uncertainty and regulatory fear
 - Real regulatory uncertainty is rare
 - Regulatory fear still abounds but not much is being done to address it
- Attract investments and create jobs in local/national economy

Are sandboxes achieving their stated goals?

- Are regulators confusing means and ends?
 - Why are so many sandboxes nothing but shiny toys?
- What have we learned from all the sandbox experiments?
 - What's the point of running experiments for the sake of running experiments?
- What are the inherent challenges facing sandboxes in the U.S.?

What should regulators do to support innovation?

- Providing clear rules of the road is the best way to support innovation
- Even unofficial advice can be extremely helpful
- Running experiments is an effective way to gain knowledge and expertise to inform rulemaking and guidance
 - But don't fall into the trap of innovation by permission
- Keep an open mind; Be willing to take some risk