

Press Release

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(dated 15/04/2020)

EBI announces another contribution by Associate Prof. Deirdre M. Ahern (Trinity College Dublin) in its Working Paper Series No. 60. Prof. Ahern's paper is entitled "**Regulators Nurturing FinTech Innovation: Global Evolution of the Regulatory Sandbox as Opportunity Based Regulation**" and was published on 11th March 2020.

In this paper, the author argues that the regulatory sandbox is a real-world alternative to regulatory lag. Its emergence as a novel regulatory development responds to challenges faced by innovators in the FinTech industry in navigating through an unwieldy regulatory landscape not focused on FinTech. Within the EU, operating sandboxes are seen in Denmark, Hungary, Lithuania, Poland and the Netherlands.

Prof. Ahern points out that not only is the regulatory sandbox an experimental space for firms testing innovative FinTech products and services, it may also be a novel regulatory experiment for regulators. The paper further develops the available literature by focusing on the contradictions inherent in the role of the regulator in administering a regulatory sandbox. It characterises the regulatory sandbox as a form of agile, opportunity-based regulation, distinguished by a regulatory approach that focuses on actively supporting innovators in nurturing cutting-edge innovation to benefit innovators, consumers, investors, and the wider economy. This is path-breaking regulatory territory.

In addition, various policy issues are raised regarding the legitimate role of public financial services regulators that act as "gatekeepers" and thus operate regulatory sandboxes. The role of a regulatory sandbox in promoting and expanding competition suggests a public interest role in the interest of consumer choice, price and efficiency rather than simply minimising risk.

To read the entire paper:

<https://ssrn.com/abstract=3552015> or <http://dx.doi.org/10.2139/ssrn.3552015>

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