

FCA Innovation explainer video transcript

Businesses can sometimes find it difficult to understand how an innovative new product or business model will fit within the regulatory landscape.

The Financial Conduct Authority recognises these challenges.

As a pro-innovation regulator, we seek to actively support innovation that could benefit consumers and markets.

We have 3 services that are open to both regulated and non-regulated firms (including tech providers) of all sizes, from new start-ups to global firms.

They are free to use and designed so firms can access regulatory support that meets their needs, at the stage they need it.

Innovation Pathways

Innovation Pathways can help if you have questions about regulation and how it applies to your innovative proposition.

Eligible firms will be assigned a dedicated case manager.

Through one-to-one discussions the case manager can provide clarity and feedback on how regulation applies to your firm's activities, including what you need to do to launch a regulated business.

Via pathways, we can:

- Provide 'informal steers' designed to clear up grey areas of regulation or clarify where guidance may be ambiguous.
- Help firms understand whether a specific rule or piece of guidance applies to their business, through further discussions with FCA subject matter experts.
- Signpost to relevant sections of regulation and guidance.
- Explain our expectations of regulated firms and offer pre-authorisation meetings, helping to clarify the authorisations process and the standards firms must meet when applying to be regulated.

Regulatory Sandbox

The Regulatory Sandbox is for firms who have a minimum viable product and want to test their proposition live in the market with real customers.

A case manager will work with the firm to develop a testing plan, outlining the test's objectives, success measures and risk mitigation plans.

Sometimes a firm may need new permissions or to become authorised, and as part of the Sandbox test we can facilitate a restricted authorisation

For example, restrictions can include the number of consumers a firm can initially test with and can be removed at the end of a successful test.

The Regulatory Sandbox isn't just for start-ups that may need to be authorised in the future – we accept applications from authorised firms seeking to trial new products and services, and technology companies who want to help regulated firms meet their obligations more efficiently.

Digital Sandbox

The Digital Sandbox supports firms at the early stage of product development.

Whilst they may not be ready to test with live customers, we provide them with access to financial data in order to validate their proof of concepts.

Increasingly, innovation within financial services is data-driven, and having access to large volumes of consumer and market data is crucial for developing new technology-based solutions.

The Digital Sandbox can offer GDPR-compliant datasets in a secure, online development environment, as well as opportunities for collaboration with other FinTechs to enable experimentation and scaling for proof of concepts.

The different FCA Innovation services support firms at all stages of development.

FCA Innovation: Setting a new global, gold standard for regulatory innovation.