

Abstract

Regulatory sandboxes and innovation in practice: Lessons from the UK's regulatory sandbox for fintech – Lauren A. Fahy – Utrecht University School of Governance

Regulatory agencies seek to govern emerging new kinds of products and services in a way which manages risks while not unduly stifling innovation. Regulatory sandboxes are an instrument which aims to achieve this balance. Literature to date has focussed on how sandboxes can best be designed to safely facilitate innovation, but offers only limited research into how actual sandboxes perform in practice. This chapter builds on that burgeoning scholarship, presenting findings from a case study of the world's longest-running sandbox: the UK's regulatory sandbox for fintech. The case study demonstrates that the sandbox plays multifaceted roles in facilitating innovation. Far from its popular image as a mere 'safe space' from regulatory interference, the sandbox is better understood as an active regulatory intervention bringing innovator firms into the supervised, mainstream market.