Jo Ann Barefoot:	00:01	This is the most special program that I think we've ever done on Barefoot Innovation because we are in London with the Financial Conduct Authority and we are coming off of the incredible tech sprint that has been done here today on regtech and AML. And I'm thinking about our audience. They are turning on Barefoot Innovation, they're getting ready to commute to work, they're getting on their treadmill to listen, and they're in their world. But we are in this really exceptional moment here in London where, after three days, a group of 200+ people have been working on coming together across a global spectrum and thinking about how we might regulate differently.
Jo Ann Barefoot:	00:57	So I want to welcome my two guests. I'm absolutely thrilled to have you. We have Chris Woolard, the executive director of strategy and competition and member of the board at the Financial Conduct Authority and Nick Cook, head of regtech and advanced analytics at the FCA. Both of you have been guests on the show separately before. I will tell you they are actually our highest rated programs ever. We will link to them in the show notes and encourage everybody to listen to those to hear about you two and your background and so on.
Jo Ann Barefoot:	01:32	But what we want to do today is talk about this extraordinary event that you have hosted. So welcome both of you.
Nick Cook:	01:32	Thank you.
Jo Ann Barefoot:	01:42	Thrilled to have you here. Our regular listeners know that I am such an admirer of the FCA. I've never seen a regulatory agency quite like what you're doing. It's an exceptional example of leadership in the world. And thinking about innovating in the regulatory space within technology. So we want to take a little bit of time, Chris, to talk with you about your vision on this, including the "global sandbox" idea that you're initiating. And then, Nick, especially to have you talk about the experience that we've all been having here this week. So Chris, tell us why you're doing this, why the FCA has been so innovative, and especially how you're thinking about engaging regulators from other parts of the world in the so-called global sandbox.
Chris Woolard:	02:46	Lovely, thanks Jo Ann. So I think you can break this down into sort of two components. So what are we trying to do generally internationally through collaboration, and what are we specifically trying to do over these last few days with our latest tech sprint. So when we've been on the journey that we have around innovation, it is clear to us that there was a demand from the really most innovative firms. Not just to be able to say,

"Come on test, develop ideas," in one jurisdiction. But actually can now begin to build companies that scale quickly and operate across a number of different jurisdictions very, very quickly. So earlier this year we put forward the idea that we could not just have a UK sandbox, but actually think about a global sandbox.

Jo Ann Barefoot:	03:37	I have to say, I got my email from you that said, the subject line was: Global Sandbox. And I went, "Oh my god, what an amazing idea." Yeah.
Chris Woolard:	03:47	And the concepts actually pretty simple, really when you boil it down. Which is many of the firms that we're looking at, the most innovative firms that are operating in our markets are thinking about how do they explore an idea not just in one country, but across multiple jurisdictions. At the moment, they really have to think about their business operating sequentially. Wouldn't it be great if we can either, in the future, do more things where perhaps one country does the tests, but does it so in a way that gathers information that other regulators are gonna find useful and get those companies quicker to market. Or, perhaps even better than that, that we can come together really as a group of regulators and perhaps do multiple tests in multiple jurisdictions.
Chris Woolard:	04:32	And so, we've kicked off that process. We've been talking to a whole range of other partners in other countries about how that could work. We think probably a model where there's a group of interested parties and we mix and match depending on the nature of the proposition, and the company, and what ideas they've got is probably going to work best for everybody. But we're still taking that concept forward and we'll solve more about it later in the year. I think the really exciting bit, though, about a global sandbox is not just thinking about getting those innovative firms faster to market and getting that competition that's in the interest of consumers. It's about the fact if we start to collaborate like that as a global scale, we can genuinely start to get around some global issues that concern a lot of regulators.
Chris Woolard:	05:24	So that really brings us onto today and what we've been trying to do today. So in our regtech space, Nick will say a little bit more about this in a minute, no doubt. We have piloted the idea of what we call tech sprints. And for most of your listeners if they think of hackathon, they're pretty much there.
Jo Ann Barefoot:	05:45	I know you all like to say you're regulators so you don't like the word "hack."

Chris Woolard:	05:49	Yeah, we're regulators so we don't like the word hack, but that's pretty much what it is. So the ones that we've run so far have been on subjects like: how do you deal with mental health in the financial system, how do you think about some questions around access, all the way through to a whole range of things about rectory reporting, how do we make the system work better.
Chris Woolard:	06:12	And as we've gone on, they've grown in scale, they've grown in ambition. But this is the first one that we've done that's really had a genuine global scale to it. And it's about trying to think about new ways of approaching what is probably the biggest issue that we face as regulators, which is how do we deal with anti-money-laundering, how do we deal with terrorist financing, how do we deal with financial crime. And you know this is truly huge.
Chris Woolard:	06:43	I mean the UN estimates that $1.6 trillion passes through the legitimate financial system to launder effectively criminal proceeds every year. And this isn't some cozy white-collar crime. We're talking about people trafficking, we're talking about terrorism, the funding of terrorism. We're talking about particularly the drugs trade and everything that sits behind it. So we're talking about some really serious crimes--
Jo Ann Barefoot:	07:16	Yeah, and human trafficking and terrible, terrible crimes.
Chris Woolard:	07:17	Yeah, that impact hugely on people in society in general. Again, look at the UN estimates. There's around a million kids being trafficked every year in those numbers. So this is something that we really collectively, as regulators and as law-enforcement agencies need to get our heads around and we need to ask ourselves in the same way that I think everyone has identified virtual characters as a way that perhaps aids some of that process of money laundering. Well can we think about the same technologies and think about how can they can be used for good. And today's really about bringing together for the first time a really genuinely global group of people in technology, in the financial industry, but also from our own world as regulators and law-enforcement officials. And saying, "Okay, is there a better way of doing this?" And that's really the concept that sat behind the work that's been done over the last few days.
Jo Ann Barefoot:	08:18	Yeah. So something that is so important about the FCA to me is that you have been innovators both on the question of how to regulate financial innovation and fintech, where probably your most famous strategy has been the sandbox system in which,

again we've talked about in the show we did with you previously, Chris. But you've also been innovators ... so you've been innovators on the content of how to regulate differently, but you've also been innovators about regulatory process. So in fintech you created the sandbox that has been emulated really all over the world now. Several dozen countries have been following on that model.

Jo Ann Barefoot:	09:06	And in regtech, Nick, you have innovated this concept of the tech sprint and really it's a completely different model. It brings everybody into the same room at the same time, across the ecosystem: the industry, the tech people, the academics, all the thinkers. And it's a different way of thinking about how might we move forward on regulation.
Jo Ann Barefoot:	09:34	So I'm thinking that you're exhausted because this is the night of the third day of this. You have been the man of the hour from the beginning. I really would like you to share with our listeners what you've been trying to do with this and what it's like. I've never seen anything like it. I've never had an experience like this [crosstalk 00:09:57] in all my years. So tell us about it.
Nick Cook:	10:00	So yeah. The scale of this is on another level, frankly, from where we started. So when we first thought about tech sprints, we basically started from the proposition that there are shared industry problems that require some sort of collaborative shared industry solution. It doesn't have to be a utility solution, but requires people to come together to think about how to solve it. But we started our first one two years ago and that event had 25 people in a semi-private environment.
Jo Ann Barefoot:	10:29	Yeah, you said you like kept it ... asked them not to talk about it.
Nick Cook:	10:32	We put it together and we had various participants involved in it, but about 25 people from about six or seven companies. And at that point in time, no regulator in the world had done something even on that scale. And then I think probably some of the startup ethos probably rubbed off on us over time and you know when you're onto a good thing. And what do you do when you have a good thing? You start to scale it rapidly where you can. And so every tech sprint we've done has been bigger than the previous one. I question whether we've hit critical mass and kind of maximum capacity on this one.
Jo Ann Barefoot:	10:32	Oh my god, [crosstalk 00:11:11] bigger than this. (laughter)
Nick Cook:	11:13	Yeah, it's hard to visualize what a bigger one would look like, but--

Jo Ann Barefoot:	11:14	Because I said there were more than 200 people that are in the hackathon, but you also had more like 400 people participating.
Nick Cook:	11:21	Yeah, so we've had about 260 active participants in the hackathon from 107 companies, from about 21, 23 countries. And on top of that for day three, which is always the day where we -- what we try and do on day three is create the right landing environment for the prototype ideas to be received by the industry. So we start the day with the tech talks and we set the scene.
Jo Ann Barefoot:	11:46	So back up and just describe what the format is.
Nick Cook:	11:50	Sure, so the tech sprint. A short term period, normally two days. This one we've run for three days.
Jo Ann Barefoot:	11:58	Although you did one for two weeks, I know.
Nick Cook:	12:00	Yeah. That was an unusual tech sprint in that it was very very use case specific. We had a single use case that we really wanted to shake down and really test very aggressively in a two week period. Most of the tech sprints, the use cases are a little bit less -- we've got less of a preconception as to the solution. And I think that's really where this one fits in. So we have a series of use cases. In this case we had 16. Initially curated by ourselves, but over time adjusted and refined through conversations with the industry, other regulators, other parties. So we bring all the groups together.
Nick Cook:	12:38	It's the first fully public one we've done, so Chris about three or four months ago now announced that we were going to do this one. Thank you, Chris. And so we took expressions of interests from multiple parties, so over time we kind of curated a group and ended up with these 260 people. They self-form into teams. We give them some ideas and some structure around what we think the team needs in terms of mix of skills.
Jo Ann Barefoot:	13:07	You ran a bootcamp ahead of time. Let people start to use some tools and find each other.
Nick Cook:	13:14	Yeah, so I mean these are all components that are refined over time. These weren't all in place for the first tech sprint. But we run a pre-event boot camp about a week before. With hindsight maybe we should've done this one two weeks before given how big it was, but a week before everyone comes together that's going to be an active participant. They get a sense of the use cases, the data that's available, the technology platforms that

		are available. And from that moment on through various online collaboration tools, they start to self form into teams.
Nick Cook:	13:43	And then, this week we launch officially. One of the things we've learned from a couple of the tech sprints is a great way to launch it is with an emotional -- humanize the problem -- an emotional hook. And so we were really keen on this one given the nature of the crimes that Chris has articulated to really get people to recognize that's what it is we're trying to make some progress against.
Jo Ann Barefoot:	14:07	So talk about that a little bit more, because it's not an exaggeration to say that people were choked up looking at the opening video of this event when you talked about the terrible human damage done by financial crime. Because in this world, you know, we think of this as a compliance issue. And compliance issues are about "tick the box" and whatever and you re-grounded this conversation starting yesterday morning and actually again today by saying this is why this is important. I'd love you to describe that a little bit.
Nick Cook:	14:40	Yeah so we produced a short video basically articulating some of the facts that Chris has mentioned already in terms of the scale of really heinous crimes that generate revenues that are then laundered through the financial system. So we created a fairly heavy hitting video that summarized these facts with some powerful imagery, some depressing music over the top of it which really kind of pulled it all together. And then kind of basically having set the scene of this is why it matters, then trying to turn it on its head and say, "But as a collective we can do something about this and the point of this event is to try and move forward in achieving something against these horrible problems that we see.
Jo Ann Barefoot:	15:25	Yeah. It's $1.6 trillion and we're catching 1% of it. Then the opportunity to bring technology into this is just completely transformative. We can make the world a better place if we can do this better.
Nick Cook:	15:39	One would certainly hope and expect so.
Jo Ann Barefoot:	15:41	Yeah.
Chris Woolard:	15:43	Yeah, and it sounds a bit cheesy to say that.
Jo Ann Barefoot:	15:46	Not to me.

Chris Woolard:	15:48	But it's true. We are all talking here. As I said, there's a million kids who get trafficked almost every year. One of the other things we just popped up was what's the annual budget of [inaudible 00:16:07], which is over a billion dollars. These are huge numbers, just huge numbers. And the damage done by the organizations we're talking about to societies is massive.
Jo Ann Barefoot:	16:20	Yeah, human trafficking, drug trafficking. You had some powerful imagery on endangered species.
Nick Cook:	16:28	Yeah, even the endangered wildlife trade generates $10 billion a year.
Jo Ann Barefoot:	16:30	And terrorism. Oh my god, yeah.
Nick Cook:	16:32	And many tens of thousands of animals being killed. And these are not good facts for any of us.
Jo Ann Barefoot:	16:38	And people know that they can engage in these crimes and will probably not be caught because our tools for catching them have been, they're old technology. I mean it's not anybody's fault, it's just that we now have better tools that we can begin to bring into this through basically digital transformation.
Nick Cook:	17:02	Yeah and I think something we didn't do as a part of our either the video or the launch was apportion blame for that situation [crosstalk 00:17:07] and I think that's really important.
Jo Ann Barefoot:	17:02	Me too.
Nick Cook:	17:10	Chris mentioned it in his opening comments today and Megan Butler, another executive director who came in and spoke on the first day mentioned the same. It's not like the industry isn't trying and spending money and trying to combat this crime. It's just at the moment it's not working as well as one would hope it could. So we don't need to apportion blame for that, we need look at how we move forward.
Chris Woolard:	17:29	Yeah, and I mean again, just to illustrate. So in the UK alone, the industry's spending around £5 billion a year. That's a billion more than the UK spends on prisons. So it's not like no one is trying here.
Jo Ann Barefoot:	17:45	Yeah, it's--
Chris Woolard:	17:46	But, I think critically for us you've got to see this is a set of global networks. And again, we had that as the strap line today. You

know, it takes a network to beat a network. And it's how do we get that level of cooperation and collaboration. How do we get that level of acceptance that there are certain standards here that might operate globally. That, I think really is the heart of this problem.

Jo Ann Barefoot:	18:12	Yeah, if there was a theme that came out overarching from this week it was that it takes a network to beat a network. And currently, we have an asymmetrical situation where the criminals are networked and increasingly sophisticated and the good guys, so to speak, have been siloed and sort of encumbered by all the process. And so we need to break that down.
Jo Ann Barefoot:	18:41	So describe the hackathon or the tech sprint a little bit more. How it works and then we will kind of talk about what we were learning.
Nick Cook:	18:51	So, having brought everyone together and set the scene and they've done some work in advance to start self-forming teams. They have approximately two days to develop technology solutions to address the use cases and problem statements that we articulate. And there are, in this event we had 16 teams, team size normally somewhere between six and a dozen people from a myriad of backgrounds, from a myriad of organizational backgrounds, but also a mix of skillsets. So we have software engineers, we have those that are more on the project management side particularly agile scrum master, that kind of skillset. We have a mix of subject matter experts, whether they be financial crime and AML subject matter experts or tech experts. So you have a mix of skills in the team. We have a series of data assets that are made available to the team. And in this case, the vast majority of those are open public data assets with a number of synthetic data assets that were created for this event. And then a series of technology providers and supporting players that are really helping the teams get the best out of their two days together.
Jo Ann Barefoot:	20:03	And you came up with clever titles for those folks, so tell about some of those.
Nick Cook:	20:08	Yeah, there was a guy called Matt in my team who did that [crosstalk 00:20:12]. We've always recognized that you need a mix of skills, but one of the things we wanted to do here, we always like to try and make it different every time. And so this time we gave some titles so we have the idea of the face, the person that builds the really interesting, the UI at the front end. We have the nouse, the person that's got the subject matter

expertise. We have the jugglers, the scrum-masters making sure all kinda things are coming together and being well orchestrated. We have the hacks, the people that are in the backend development. And then we have a number of floating roles on top of that. One we call the doctor and I think actually you played rather a doctor for a number of things.

Jo Ann Barefoot:	20:49	I was kind of a doctor, yeah. I was having a lot of fun, yeah.
Nick Cook:	20:52	And then the fixers, who are really the guys that kind of jump in, parachute in when the tech starts to fall apart and someone needs a bit of help. So, it was quite nice to give them almost caricatures and personas. It also made it a whole lot easier when we were planning the event. And we were flooded with interest for this event, which is great. It was awesome.
Jo Ann Barefoot:	20:52	Yeah, you had like six or eight--
Nick Cook:	21:13	Yeah, we probably could've stood up an event three times the size. Logistically we couldn't, but in terms of the interactions.
Jo Ann Barefoot:	21:19	We should say we're hosted at EY in Canary Wharf which has been just fantastic for providing the facility here, yeah.
Nick Cook:	21:27	So we could've grown very very very big. Actually we were, at this size most people who wandered around the floor today have never been to a kind of innovation-focused event of this size anywhere in the world, so. We could've gone bigger.
Jo Ann Barefoot:	21:39	Has there ever been one? I mean, seriously.
Nick Cook:	21:42	It's hard to say no, but I couldn't think of one.
Jo Ann Barefoot:	21:42	Certainly not sponsored by a regulator.
Nick Cook:	21:46	So it was more than big enough. Having the different types of roles meant it was very easy for us to have conversations with interested parties about, "Okay, so what are you bringing? Which of these roles are you trying to fill?" Because we have an idea in mind of how many we need of each.
Jo Ann Barefoot:	21:59	So and these teams then, they worked for two solid days to actually create some--
Nick Cook:	22:06	Yeah, and they create a lot in two days.
Jo Ann Barefoot:	22:08	Yeah, oh my gosh. Unbelievable.

Nick Cook:	22:10	We've seen sort of blockchain infrastructures built, glossy front ends on completely new applications, a whole lot of backend data engineering effort. They're doing a lot.
Jo Ann Barefoot:	22:20	New "know your customer" solutions. New ...
Nick Cook:	22:23	There was a digital AD for SME businesses that someone stood up. So, these aren't kind of small efforts. These guys work really hard and deliver a lot in two days.
Jo Ann Barefoot:	22:35	I know a lot of them were working last night way into the night.
Nick Cook:	22:38	Maybe two days is misleading. Two very long days.
Jo Ann Barefoot:	22:43	And then today you had a panel of judges and put out some prizes. Talk about that a little bit.
Nick Cook:	22:49	Yep, so we have the morning as I say where we try and set the scene for this additional group of individuals that come in. Predominately, c-suite individuals, senior executives from financial services, government regulators. So we have a bit of time in the morning to set the scene for them about why we should care about this and what we've been doing. And then the teams demo and they demo under pretty tight conditions; they get four minutes to demo.
Jo Ann Barefoot:	23:14	16 presentations, each four minutes. That was really something.
Nick Cook:	23:18	And they did really well, really really well.
Jo Ann Barefoot:	23:21	They were amazing, yeah.
Nick Cook:	23:21	And then we have a mixed panel of judges and we award some prizes to the teams that have most caught the attention of the judges.
Jo Ann Barefoot:	23:29	Yeah. So one of the things, I know we're gonna run out of time. One of the things that I really want to emphasize is that you invited regulators from around the world to this event and a lot of them came. And as somebody who's based in the US, I was thrilled to see that there was a really strong contingent of US regulators.
Jo Ann Barefoot:	23:50	We often talk on this about the fact that we have a lot of regulators in the United States and financial services, and that makes it hard for us sometimes to really capture the innovation currents because there's so many players. But talk a little bit

about that, Chris, inviting people from around the world and what you're hoping that they're taking away from it. Because I can tell you they took away a lot. I mean, I talked to them the whole time. They were really really fascinated.

Chris Woolard:	24:21	So the concept for us is a really simple one, really. I mean it sort of operates on two levels. So the first is particularly when we talk about financial crime. There really is no point to us spending an enormous amount of time and effort designing something, working with people, and it only works in the UK. It's got to work in multiple jurisdictions and the best way, frankly, to be able to do that is to get those other regulators in the room with us saying, "Actually, that could work. I could see that working back home." This idea's got legs.
Jo Ann Barefoot:	25:00	Yeah.
Chris Woolard:	25:02	The other level this operates on is, we've been very very clear, we don't see this as a UK FCA thing. This is about us working in collaboration. I mean, what would be amazing if we can get it to work is -- this is such a difficult problem. It's going to need not just this one event, it's going to need two, three, four things that follow it up to start to shape, start to narrow it down to some of the things that might really work.
Chris Woolard:	25:33	Wouldn't it be great if that happens not just in the UK, but it happens in the states, it happens in the Far East. And we will obviously loan what help we can if people want it, but actually let's see our colleagues taking some of the lead here as well. And really, let's try and leverage as much of the skills and the experience that we've got in the room to try and crack this thing. So this is not something where we've got a monopoly of wisdom. This is something where actually if we're all in it together there's far more chance of getting the right result.
Jo Ann Barefoot:	26:10	Yeah. The wisdom is in the collaboration, if you've got the right people in the room. Nick, you were talking earlier about the fact that, you said something like you didn't have anyone asking you regulatory technical questions, which you were surprised by, right?
Nick Cook:	26:25	Not so much surprised, but I think it's always been something that certainly US regulatory peers have been concerned about with these kind of events. You end up giving a whole lot of informal guidance or some other legally complex set of information to the participants and you expose yourself to risk as a result.

Nick Cook:	26:44	We've had, as I said, 16 teams working and there's not been a single team that's come to us and said, "Can you explain this part of the law to us? Can you help us understand this policy of yours?" And in part that's because we just make sure there's a really good mix of people in the room. There's plenty of lawyers, consultants, accountants firms, experienced people from the industry who can answer a number of those questions, certainly for the period of a two day tech sprint. So I think one of the things we were hoping for is that by bringing international colleagues in, some of the fears they may have about running one of these events start to be allayed because they see actually you really are in a core facilitation role. You're not providing a whole lot of legally complex inputs. You're basically just providing the environment for the ideas to flow and the collaboration to occur.
Jo Ann Barefoot:	27:34	I think I've probably said this in both of the podcasts that I did with you two separately, but one of the things I admire about the FCA's approach on this is that you've simultaneously put out this inspiring huge vision of change that gets everybody, huge numbers of people around the world excited about the possibilities of what we could do differently, especially through technology.
Jo Ann Barefoot:	27:58	But then you also, at the same time you're humble. You say, "We don't have this all figured out, we're taking practical little steps, and let's start somewhere." We don't have to have the answers, we don't have to know how to reach that vision, we just like need to start and then you go forward together. And I think that's the magic of it.
Nick Cook:	28:23	Yeah. There isn't a playbook to follow here. So we've tried some things, we've taken incremental amounts of risk in doing that. When we've seen a good idea we've gone for it. When it hasn't worked, you learn from it. And yeah, I think that's absolutely part of our approach.
Chris Woolard:	28:47	If you take our innovation work in the round, it's almost all been on that basis.
Jo Ann Barefoot:	28:52	Exactly. The sandbox is the same way.
Chris Woolard:	28:56	We create a space where we can have that dialogue. We try to learn from what we find in there. Sometimes it works, sometimes it doesn't. But more times than not it does work and that's the important thing for us.

Jo Ann Barefoot:	29:09	So, as you know, I'm a former bank regulator. That doesn't come naturally to regulatory officials, generally speaking, and I know, Chris, in our earlier podcast you told the story of sort of how you originally got started with Project Innovate. I don't want to repeat that whole thing here, but what advice do you have to other regulators who are realizing the technology is changing finance, the issues are huge. We're talking here about anti-money-laundering.
Jo Ann Barefoot:	29:44	We could be talking about financial inclusion. I mean everything in finance is being changed by technology and regulators have the mission and mandate and challenge of how you shape that, how do you keep up with it, how do you guide it, how do you even understand it. What are the things that other regulators should be thinking about? Recognizing that as you've said, you know you don't have it all figured out, but I'm comfortable in saying you are by far the leading regulator in the world. And believe me, I know most of them. In the way that you've approached all of this, what are the secrets to success?
Chris Woolard:	30:31	So, I mean clearly this is going vary from country to country and so one size is not going to fit all here. But I think it's very tempting as a regulator to say, "This is my rule book. This is the world as I know it." A lot of things are going on out there, particularly around technology you can observe hype curves all the time. Everyone comes along and says, "Ah, this new thing will completely revolutionize everything."
Chris Woolard:	31:01	And then it turns out to be not quite as revolutionary as everyone thought, and so it's very tempting to say, "Right, look, I can defend the perimeter. I can defend a space that I know about, that I can regulate and anything that's out there is either too big a risk to engage with or actually I just don't like these innovations because I can't see how I think they're gonna end up."
Jo Ann Barefoot:	31:25	Yeah, which is impossible to know today.
Chris Woolard:	31:28	Which is impossible to know. And so it breeds a very kind of defensive mindset at that point, but it's an entirely understandable one. When we work through this sort of exercise and looking at a number of things that were moving around us, we simply came to the conclusion that it was too big a risk not to engage.
Chris Woolard:	31:49	And I think the moment you have that light bulb where you say, "The bigger risk is not engaging," then you have to say to

yourself, "Okay, I'm still a regulator. I'm not a tech firm, I'm not an accelerator, I'm not a [inaudible 00:32:05], nor am I some sort of tech giant sitting in Silicon Valley. How do I make that journey and how do I do something that works for me as an institution with the duties I've been given by whoever my empowerment is.

Chris Woolard:	32:23	And for us, we need to find a way of engaging, we need to find a way of learning what's going on, we need to be able to ask ourselves the questions: where do we need to adapt our roles and where actually do we say, "No, actually that's not an innovation that we think is going to be in the interest of consumers." And as we went on that journey and as it got more advanced, we also said, "We need to be able to create a space where for the most innovative ideas, for the things we've never come across before. We need a space to trial them." And that's where the sandbox was born from. That's a journey based on saying, "None of us can ever know right at this moment where these things are gonna end up, but far better to engage, far better to understand and learn, rather than withdraw from the world."
Jo Ann Barefoot:	33:19	This is such a critical point. It seems to me that the secret to this, which is sort of simple but difficult is number one: we can't advance without collaboration. We have to bring people together, get them out of their silos, do things like this tech sprint, get them in the same room at the same time, get them working and thinking together. And then secondly: people have to get comfortable with this experimental testing thought process. We don't know exactly how to do this, we're gonna try things, we're gonna have some safe space for experimentation. Some of the US regulators are not crazy about the word sandbox, they think it's unserious sounding or whatever. But somehow, do you agree that we have to have the ability for regulators and industry to try some things, and have breathing room.
Nick Cook:	34:23	I think yeah, and I think at its heart you have to have a willingness and a desire to learn and to--
Jo Ann Barefoot:	34:28	That's the way to do the rapid learning, isn't it? Yeah, you have to--
Nick Cook:	34:32	So, as Chris has articulated, you need to recognize that there are some things you don't fully understand so that can be hard. You have to basically say, "We're not quite sure about this." So you need to be prepared to admit that you don't know everything and then you need make the first single step towards trying to

learn. And whether that be an engagement-led approach where you just spend more time talking to participants you haven't previously spent time with, or whether that's learning through experimentation, or it's learning through presenting a problem and encouraging others to collaborate around how to solve that problem.

Nick Cook:	35:02	And it's hard. You are making a statement that we want to learn, we want to progress, we want to move forward, and we recognize that not doing so is actually kind of going backwards quite fast. So standing still for us is not, in this technology-drive world, standing still is not a great strategy. So I think you need to have both of those things in mind and recognize that you can start with a very small step. You don't have to go full hog to where we are today where we run a number of these events and we've scaled them and we've built them. The first ones were very modest in comparison. The start of Innovate was very modest in comparison to its current guise. And the challenge is to make a start.
Jo Ann Barefoot:	35:40	That's fantastic. I know we're out of time. Is there anything you want to add that we haven't talked about?
Chris Woolard:	35:48	I don't think so. I mean I think the really important piece for us is: there are some problems that regulators face that we're just not going to be able to tackle on our own, if we're really serious about getting to the heart of them. And today's not going to give us a complete answer though. There are months and possibly years of very hard work ahead of us, but I think it's been a tremendous start. What I think is really encouraging is the degree to which, as you say, I think this has caught our colleagues' imagination. I think it's caught the imagination of a lot of people who might well otherwise bring a lot of commercial development to the table as well. And it's these kind of moments that do start journeys that can really lead somewhere.
Jo Ann Barefoot:	35:48	Yeah, well said.
Nick Cook:	36:44	I think the only thing I would add is this kind of experience that the environment is massively stimulative for people, so--
Jo Ann Barefoot:	36:55	Oh my goodness, yes. Everyone, I mean the energy, the inspiration that has come out of these three days is just incredible. I've never experienced anything like this myself. I mean and I've been in a lot of interesting situations. I've never seen a group of people so motivated, so smart, so -- again, this

matching together of kinds of expertise in pursuit of a worthy goal. It's incredible.

Nick Cook:	37:28	Yeah, and it's funny, just to wrap this up. There's people walking out the door genuinely sad they're not coming back here tomorrow. What a nice thing to be able to say at the end of an event convened by a regulator.
Jo Ann Barefoot:	37:41	I'm going to say one more thing which is: I know that your team, Nick, has seven people on it.
Nick Cook:	37:47	Yeah, sometimes--
Jo Ann Barefoot:	37:48	Has it grown since the last time we talked?
Nick Cook:	37:50	It's virtually augmented, should we say, when it needs to be. So it's had a bit of an uplift to get this event over the line, but the core team is still very very small.
Jo Ann Barefoot:	37:58	The core team is very small and it started with two, if I remember right.
Nick Cook:	38:02	Yeah, me and Barry West, from a while ago.
Jo Ann Barefoot:	38:03	Yeah, exactly. And you have hundreds of people helping you, hundreds of people from the industry. So when you did your tech sprint last fall, which we have a different show on, but with your machine-executable regulation sprint and had that successful moment where you ran the experiment, and it worked. People burst into cheers, you know, I saw the video of it. And you have to say to yourself, "When was the last time you saw bankers and regulators cheering together about a breakthrough?"
Jo Ann Barefoot:	38:42	But it inspires people to want to help with this. People can see the potential for doing things better, and your organization and the leadership of you two globally is the key. And I know you're also happy to share with your colleagues around the world and help people pick up some of the lessons that you have learned and it's amazing.
Nick Cook:	39:09	Thank you.
Chris Woolard:	39:09	Thank you.
Jo Ann Barefoot:	39:11	So, I want to thank you, Chris Woolard and Nick Cook. And if people want information about this, it's FCA--

Nick Cook:	[39:20](#)	FCA.org.uk/regtech. I think if you type "regtech" into Google, we probably come up.
Jo Ann Barefoot:	[39:26](#)	It does. Believe me, I Google it constantly.
Nick Cook:	[39:28](#)	You'll find it.
Jo Ann Barefoot:	[39:29](#)	And yeah, we'll put that in the show notes. I cannot thank you enough and I really can't tell you enough how much I admire what you're doing. It's just absolutely inspiring. Thank you.
Chris Woolard:	[39:41](#)	Thank you, Jo Ann.
Nick Cook:	[39:41](#)	Thanks, Jo Ann.