Barefoot Innovation Podcast with Cleve Mesidor, Executive Director of the Blockchain Foundation and Delicia Hand, Director for Financial Fairness at Consumer Reports

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Jo Ann: Today's show is one of the most exciting that I think we've ever had. I am so excited. We are at Money20/20 and I have just come from a session of watching Delicia Hand and Cleve Mesidor talking about how to build inclusive finance, including wealth building for people of color and for women. And it is so mold breaking, I'm just thrilled to have them both with me today on the show. So, I want to start by asking you to introduce yourselves and then I'm going to uncork it and just let it flow. I want to hear everything you're thinking. So, Delicia, let's start with you.

Delicia Hand: Sure. Thank you, Jo Ann, and thank you for having us here today and for joining our conversation earlier at Money20/20. It was great. I think it's incredible and a start of a conversation that Money20/20 has provided this platform to focus on inclusion.

I'll say a little bit about myself before I dive in. So, I'm now at Consumer Reports, having spent 10 years at the CFPP. And at Consumer Reports heading up our digital finance testing initiative, we are evolving our traditional testing and readings work in the appliance and product space to regularly examine and compare digital finance products to see how they're doing in the marketplace. We take the perspective of, how do we know how digital finance products are actually doing with respect to their baseline requirements, compliance, legally, and with respect to consumer outcomes? So, that is what we're up to and looking forward to that conversation.

Jo Ann: Fantastic. And Cleve, you've been on the show before. Great to have you back.

Cleve Mesidor: Oh, wonderful to be back. And thank you, Jo Ann, for having us on. As a former regulator, I have to give you credit for constantly having the financial inclusion conversation and making sure it's weaved into the work that you do at AIR. So, kudos to you. As you mentioned, I'm Cleve Mesidor, I am the Executive Director of The Blockchain Foundation, which is a sister entity to The Blockchain Association, which is the largest advocacy group in Washington.

While the industry is focused on adoption, The Blockchain Foundation is really focused on accessibility. We are there to make sure that the public has access to trusted content from reputable sources so that they can make informed choices. And so, as a 501(c)(3) with The Blockchain Foundation, we can actually do things like the Risk Education Challenge, we just announced that we'll be rolling out. We can focus on risk education in a more meaningful way, and we can also be at the center of the industry in creating a first one-stop shop for education, which is what we're planning with a virtual digital assets library that we're in the process of building.

A little bit about me. Obviously, I come from a Washington background. I worked for two members. I worked for Betty McCollum, and Barbara Lee, in Congress, and I served in the Obama administration. And I served at Commerce, I was the Director of Public Affairs for the Economic Development Administration, for those people in the audience who come from EDA, it's an agency that doesn't get enough credit, but it also is where I actually really understood the importance of financial inclusion and economic opportunity. I will also say it was during the Obama administration in 2013 that a friend had a Bitcoin project and reached out to me and said, "Hey, can you help me?" And in 2013, the seed was planted on Bitcoin.

Jo Ann: I think the last time we had you on the show, you were leading Women of Color in Blockchain and have done so much amazing work in this space.

Cleve Mesidor: Well, we're doing it again, Jo Ann. So, expect an invitation on November 17.

Jo Ann: Oh, good.

Cleve Mesidor: We're actually bringing a delegation of women of color back to Washington.

Jo Ann: Oh, fantastic. Okay. So, we're going to really dive into some, I think, really thought provoking material. But let me start by asking what was your message to the audience here today at Money20/20?

Delicia Hand: Sure. So, I would say among other things, one is, we now have to take another look at what we mean by inclusive. Digital finance, we've heard many people say has provided more pathways to access and that has facilitated inclusion. But it's important to think about inclusion in the context of new technologies, new kinds of assets, new forms of ownership, but frankly, what different communities are doing with that technology to facilitate wealth creation and other kinds of positive outcomes for themselves.

So, one, how has the conversation changed with respect to inclusion? Should it change? Should there be additional metrics? I started with a story about a family member of mine. I'm an immigrant to the United States. I've lived in the United States for over 30 years. And one of my closest cousins who's younger than me, he's in his early 30s, on the one hand, through the untimely passing of an aunt who is like a mother to him in 2020, they all thought that they were going to inherit home ownership through her. Right? That the 45 years of payments that she made on a co-op in Co-Op City, New York, they got in on the ground floor in the early '70s, was going to translate to his ability to inherit.

But what it turned out to be, what he had inherited was not ownership. 45 years of payments, utilities, what they thought was a mortgage, ended up being this complicated rabbit hole with lawyers and things like that. But effectively, what he had was a place in line, in a very long line in New York City, you can imagine, to rent. And so, that was a very sobering prospect, particularly because it connected to one of the core elements of inclusion, traditionally, which is a pathway to home ownership.

The same cousin is also an early crypto investor. He is self-taught, he taught me about investing, but he leveraged digital finance. He leveraged apps like Stash or Robinhood, and even more traditional financial institutions' apps to set himself up. So, he got in somewhat on the ground floor, self-taught, used different kinds of models, did research and has an extremely healthy portfolio, is diversified. At the time, this was 2020, when he took me through all of his apps and his phones and showed me his portfolio. And I was just extremely fascinated but also proud, because he certainly didn't actually have anything to look back on, right? The passing of this dear family member, but through the strength of his own new perspective, so he didn't work through a traditional investment company, and his own will and focus as a Gen Z-er on creating his own pathway.

He's got a pretty sizeable portfolio that even withstood crypto winter, which is another aspect of the conversation. So, we really centered there on, what do we mean by inclusive? And then, how do we start to examine for the outcomes that we see, the claims that are being made in digital finance? I'll pause there if we're going deeper.

Cleve Mesidor: And I'll add, in addition to what Delicia just shared, we frame that **money has not always worked for everyone and that FinTech started us on this path of digitizing money for those who have been locked out,** right? And the reason the FinTech industry came about is because they recognized that large segments of the population were operating outside of traditional bank, could not access financial markets. Right? And then, crypto has taken us further and decentralization has diminished a lot of the barriers to entry.

So, money has not worked for everyone. You could even argue that it's only worked well for the 2%. But what we've seen recently is the fact that the masses, **those who have been locked out, women, young people, people of color, they are looking at new tools for building wealth, right?** And **tools that regulators and the financial experts see as risky, right**? But they're leveraging them and embracing them in unique ways. Right?

While our financial system, when it comes to building wealth, looks at **accredited investors, institutional investors.** Even when they speak about retail investors, they really mean wealthy people. Right? So, now we do have this new core of consumers, retail investors, who want alternative options, who even if they make millions, don't want a wealth manager, don't want a brokerage account. Right? So, how do we start to capture those? Because we don't have systems to really capture how they're interacting with financial instruments. But also, how do we have this conversation about risk? Because last I checked, they've spoken, they are very clear about the path that they're going into, but they've also forced us into this conversation about risk. Right? How can risk be part of the conversation of how we actually design products for consumers?

And then, I will say one of the reasons that I'm excited for **The Blockchain Foundation** to work with Delicia's Consumer Reports, is because we need to start **quantifying the story**. We need to identify some of these metrics. And as we do that, we need to talk to these consumers, right? We need to engage them, they need to be part of the conversation. But we also need to be talking to the companies and the individuals building these new products and services, right? Because that is where we are seeing this new paradigm, right?

I'm a crypto person, so being here at Money20/20 is great. And being in a FinTech payment space where they don't all hate crypto, right? Where their conversation's really about, how do they adapt various applications and protocols that make it make sense? Right? So, in this environment, we can really have a conversation about, as we're building, as we're designing, **what are some of the financial inclusion tools that could be embedded?** We talked about during our session, what are some of the early warning mechanisms that we can actually provide for consumers? Because we know the regulatory environment is really driven by this conversation about consumer protection, which really is patriarchy. It should really be about empowerment.

Jo Ann: So, that's where I wanted to go to, because there is a lot of paternalistic thinking, for decades and decades in consumer protection, that we need to protect people from themselves, because in finance they might make bad decisions. And do you agree with me? I mean, there is something there-

Cleve Mesidor: Yeah.

Delicia Hand: Yes.

Jo Ann: ... people make risky decisions or a bad decision sometimes, but the result of it, as you're saying, especially at this moment when a lot of us feel like if in fact we're going into a new generation of the internet, if Web3 is going to create wealth and opportunity the way the original internet and Web1 and 2 did, are we only going to let people get access to that if they already have money? Or, are we going to figure out how to democratize it?

I mean, because we know that people of color are more disproportionately likely to be owners of crypto. Do you have numbers on that, that you have confidence in? Do you know what the percentage is for that?

Cleve Mesidor: Actually, there's actually federal numbers because even during the infrastructure law debate, because as you remember in the pay [inaudible 00:13:25] section-

Jo Ann: Yes-

Cleve Mesidor: ... was crypto. They actually identify about 15 million people holding cryptocurrency. So, of those who hold, it's about 25% of the US, that hold cryptocurrency, Black and Latino communities lead that, but Black communities by double digits. And obviously, the bear market has impacted those numbers and certainly across all financial services.

But what we haven't seen wane is consistency, that wherever you see the [inaudible 00:14:02] center of adoption in crypto, whether it be in the US, or in Latin America, or in the continent of Africa, it's where people have been locked out, where there's high inflation, where people don't trust the central bank. So, I do not anticipate that the numbers will shift, because if money has always worked for you, it works for you. But if it hasn't, then you are open to the alternative financial options. And I will say, and I think this is where you headed, or at least I thought you were heading-

Jo Ann: Yeah, go for it.

Cleve Mesidor: ... this conversation about risk. Right? So, if we agree that this paternalistic thing about consumer protection, not only is it paternalistic, but it doesn't work. All it has done is ensure that government has led to the inequities we've seen in our financial system, in our economic system, that we have laws and rules that actively leave people out with good intentions. Right? So, that means, empowerment means talking about risk or talking about financial literacy, but it also means we have to recognize that if we want people to build wealth, and we do, they have to take risks. So, then we have to talk about, what does calculated risk look like? How do you assess your risk appetite?

And we have to talk about bear markets. It is part of it. Right? So, we have to empower people with the tools for understanding, how do you prepare that? And **let's be honest, I said this earlier, technology is criticized because innovation doesn't solve problems, but neither does policy, neither does government, people do. Right? So, we have to empower people with the policies and the tools to make decisions, because there's not a one definition of financial inclusion, right? There's not one definition of how you've been locked out.**

When it comes to poverty and lack of access, different communities experience that differently. So, what we've seen is a difference in how they're consuming and engaging this new asset class. One of the communities that has been ... I've been in crypto for six years, I remember seeing trends for the Native community, Indigenous communities, globally ... Like there was a project in Canada called Crypto for Reconciliation. But lately, I've seen young people from Indigenous communities organize in such an exciting way on social media, on crypto Twitter, having events. And it's manifesting differently. And obviously we've seen the Latino community.

So, as we realize the industry, government, have to talk about risks, right? We need to engage these new consumers, because one of the things we talked about, and I strongly believe, is that we no longer get to make rules for people. They want to be an active part of those that were making those policies. And with the numbers that millennials and Gen Z have, they actually would prefer to have those conversations without us. They would actually prefer to create a new world and not have us in their conversation. And we can't do that, right? We have to collaborate, to build an intergenerational framework. I'll stop there.

Jo Ann: I want to come back to that, because you made this point really well at the session earlier. And I'll also say the reason I got into this work is, I spent decades working with consumer protection and financial inclusion policy issues, both in the government and outside. And Cleve, I reached the same conclusion that you're talking about, about 10 years ago. I said, "This isn't working. It's better than nothing in many cases, but do we have inclusion? Do we have good protection? Not really." So, now with the technology, maybe we can do different things if we're smart about it. So, Delicia, how do we think about where to take these ideas?

Delicia Hand: Sure. And I'll pick up from your last point, Jo Ann, about the last 10 years, because as you know, I spent the last 10 years at the CFPB. Prior to that I was a consumer advocate. Have long since been in the consumer finance space. Wrote the Public Service Loan Forgiveness Act. And we're finally seeing some good things happen there. But as you and I had started this conversation this summer, I spent 10 years at the CFPB and having left, one of my initial considerations and thoughts, which really informs this work, is the CFPB has done a lot, had a lot to do when we started to implement and do our work as an agency. But I think the one space that I see as a missed opportunity was having a clear theory of change with respect to FinTech and helping to examine the moment and set the rules for the road.

And what do I mean by that? I say a couple of things. One, and I think there's some good work finally happening now, internally, we failed to actually integrate the latest technologies into our own operating system. So, we fundamentally set a course where we were already misaligned. Right? We built a footprint of supervision and examination, for example, and other functions of the organization that were built on yesterday's technologies, yesterday's approach to supervision and regulation, and frankly, engagement with this burgeoning environment of FinTech.

We could have set the path, we could have taken a clear position and articulated some outcomes. There was already good research out there, we could have taken some risk. I understand where we landed on some of those things. So, from that perspective, it's a missed opportunity. But on the other side of the equation, being at a regulator, at Consumer Reports, we now have the opportunity in my view, to fill some of those gaps.

Just to come back to the paternalism piece a bit. So one, I think though we have gained a lot in the consumer protection space around just having important frameworks and guardrails, those have not been enough to translate to outcomes, improved outcomes. We still have credit deserts, we still have challenges with broadband access. And to one of Cleve's point, communities who are traditionally disaffected and perceived as outside the system are no longer trying to get in the system, because of technology that is available, low code pathways, for example, communities are creating solutions for themselves.

And so, my view is that this is a key moment for regulators and others in the space to really catch up. Otherwise, they're not going to have the opportunity, because the solutions are now going to be native to technology, not to regulatory and prudential entities.

So that said, what are we doing at Consumer Reports? We're trying to create a framework to test and evaluate digital finance products. Inclusivity is one of the principles that we will be testing against. What we mean by that is, what actions are companies taking to proactively remove barriers, barriers to access, barriers to wealth, barriers to specific consumer articulated needs?

We have seven principles as part of our evaluation framework for digital finance. The first three principles are really tethered to the current legal requirements, privacy, transparency, and safety. As a number of folks have said, "If you don't get your fraud game down in FinTech, you have failed outright." Right? So, we're looking at those baseline requirements, but we're going further to try to evaluate according to outcomes for consumers.

One of the things that I saw in my 10 years at the CFPB was this evolution in the FinTech space of companies taking up the banner. Right? So, here I am, as a former consumer advocate that used to knock on doors, meet with regulators, meet with members of Congress, and talk about the need for access, inclusivity, consumer protection. All of a sudden, the business model for a number of FinTech companies, they're talking about pathways to financial security, helping consumers achieve financial health and other specific goals.

So, for me, the question is, well, how's any consumer supposed to know? Right? And, are we able to then deploy a sophisticated enough testing mechanism to actually regularly evaluate that? And then, we actually need to go further. And this is in my view, a missed opportunity at the bureau. We ought to put that information out there. The marketplace can actually self correct, right? If there is transparency around performance and-

PART 1 OF 4 ENDS [00:24:04]

Delicia Hand: ... all correct, right, if there is transparency around performance. In the same way, for example, that we have with cars and washing machines and things like that, consumers will go into a Best Buy or other appliance stores, and they will look at certain metrics depending on what's important to them. So, this is what we're aiming to do.

Our framework also includes other metrics. So, I mentioned inclusivity. But it focuses on user centeredness. Does the consumer have a problem or a real challenge getting to a person when they encounter a problem with their online banking company, for example? Is user centeredness a feature of the design of the app?

And there are a couple other principles that ESG, environmental social governance, is also a part of the framework. Because as research has shown, younger consumers and millennials, Gen Z consumers in particular, they care about where their companies invest, what their financial institutions' policies are. They care where their money is. And so, we also think it's important to begin to evaluate on these metrics as well.

Jo Ann: I think your point on ESG is so well taken. As a baby boomer myself, I feel like there's a lot of shortsightedness among baby boomers and Gen X in thinking that ESG is about, I don't know what, being touchy-feely or placating critics or whatever. It's a market force today. Really, consumers and investors care about the social responsibility of products like the earlier generations never have.

Cleve Mesidor: Yeah.

Delicia Hand: Yeah.

Jo Ann: So, this sounds breathtakingly difficult.

Delicia Hand: Yeah.

Jo Ann: Delicia, talk a little bit more about the pathway that you're following on being able to roll out a useful rating or evaluation system.

Delicia Hand: Yeah, sure. So, I was joking earlier today at Money20/20 with a former colleague that once you've lived in a regulatory agency, it's hard to move differently. I would say in a way similar to how we would move when I was at the CFPB, we are in the next couple of months going to be rolling out some examples of what this would look like. So, we're doing some beta releases for the purpose of engaging folks in the financial services ecosystem. We want to talk to everyone. We want to talk to companies. We want to talk with regulators. We want to also talk with other consumer advocates.

Our focus is impact and immediate impact. And so, the primary deliverable is the framework. We want to develop something. We have developed something. But questions are, is this too deep a dive into too many rabbit holes? Should we streamline some of the indicators and criteria we're using for testing? And so, we've been doing some limited scope testing in some product areas for the purpose of having a conversation and improving the bottom line, which is our framework. And then after that, we will move into fully testing the framework.

So, our first release, probably just in another six to eight weeks or so, will be in the peer-to-peer space where we have examined privacy, security, safety, rather, and transparency. And then, we will do subsequent releases looking at comparing bank apps, for example, both traditional bank apps as well as digital or neobanks. We'll look at buy now, pay later. We also want to look at spaces that are very new, highly iterative in the last 18 months. Buy now, pay later as a product has changed a lot. Can we meaningfully examine a space that's moving so quickly?

So, we'll be doing these limited releases for the purpose of helping us improve the product, a little bit like an RFI or proposed rule making or something like that.

Jo Ann: An RFI, yes, a request for information from a regulatory agency. Yeah.

Delicia Hand: Yeah, and then we will move into full implementation probably in the next six to eight months after we've done some deeper engagement in the broader ecosystem where we will then release the results of regular evaluations. But then, we'll be doing ratings. We will release the results and produce some kind of visual that lets you know how companies are doing.

I think this is an incredible part of it because consumers should know. We don't allow cars to leave the parking lot without passing some baseline tests for safety and other considerations where consumers have had so much at stake for so long. And we've not made sufficient gains when it comes to wealth creation and inclusivity that actually on-ramps people and communities. I think it's time we did that in digital finance.

Cleve Mesidor: And for me, that's why this information is important. This conversation, the evolution of this new paradigm is because it needs to be more about the consumer. And that's what I love about crypto. Decentralization means that we're empowering individuals to make decisions.

And even in hearing both of you talk about the next opportunities, when the two of you were at regulatory agencies, another one is the fact that regulatory agencies have been polling and surveying the public forever on their sense about banking, how they're budgeting, about even the unbanked. And I believe my assessment is that government didn't listen to what they said. They just tried to apply a solution. Because I do think that more and more, especially around the unbanked, those surveys don't indicate we want to get into traditional banking. But that is the government approach, right? It's how do we make banking work better for them?

So, this whole thing about empowering consumers, listening to consumers, making them part of the conversation is actually very, very important and also particularly important if we're going to design products that make sense, that can truly empower people. If we're going to actually embed elements around literacy or risk, consumers digest these things differently. So, if we're not creating tools based on the way consumers are adopting this...

We have to realize that women are not risk averse. We assess our risk appetite differently because of the different things, being heads of households, the fact that choosing the college fund is an economic investment. You're investing in the financial future of your family. So, as we look at how do we approach women, how do we approach even millennials versus Gen Z is really important.

For me, I think the most important piece that shouldn't get lost is that we finally have to listen to consumers. We finally have to let them lead. And we have to not just design around them, but regulate around them as well.

Jo Ann: You've both used the word design, and we know that there's a whole world of human-centered design and design thinking that hardly got talked about more than a few years ago. We did a TechSprint in India with the Reserve Bank of India Innovation Hub this year. And one of the takeaways from it with the experts that we had was the insight that if you design a financial product for women, it will work for everyone and if you design it for men, it won't work for women. Isn't that interesting?

Delicia Hand: Yes.

Cleve Mesidor: Yes.

Jo Ann: And it's really getting that user-centered approach instead of a product-centered approach, which says, we're a bank, come to our bank. We've known for years that a lot of people don't feel comfortable walking into that bank lobby, and maybe that's why they're at a payday lender or check cash, or in part, as if the solution therefore is to talk them into coming into the bank. And what you're saying is, no, today there are other ways that people can meet their financial... Not that it's not important to have banks, but there's so many new possibilities. So-

Cleve Mesidor: And they're already leading by using them. So, we need to learn more, figure out how to measure, and figure out how to enter the tools. Because that ship has sailed. The new solutions, they've already been embraced. We're trying to catch up from a consumer empowerment perspective, regulatory perspective, even from a design perspective. And I know we're going to shift, but I love that example that if you build for women, it will work for everyone.

That organization, Female [inaudible 00:34:16], I love them. One of the posts they had on social media was a post about these new buildings being built with these winding staircases that are made of glass that are so beautiful clearly we're not designed by a woman who wears skirts who has to go up. Yeah.

But financial inclusion, it goes to the heart of the design, the biases we can... If we are not recognizing that culture plays a role, race plays a role, economics plays a role, we can no longer not think that these biases will infect new tools and solutions and make them unable to meet the promise that they actually are trying to sell to consumers because we're not looking at things from that inclusive way.

Jo Ann: You're sparking a whole bunch of ideas I want to go deeper on. But before we do that, Cleve, I want to ask you to talk a little bit about the recent conference in Washington on the Black blockchain event, which one of my favorite things about it is the t-shirt which says, Satoshi is Black. That really says a lot right there. Was it Howard University?

Cleve Mesidor: Yeah.

Jo Ann: Talk about where that comes from, what it was about, and what came out of it in your mind.

Cleve Mesidor: Yeah, so this was the fifth anniversary. I've been going since the first year, the Black Blockchain Summit at Howard University, my alma mater. For those people who are Howard out there, I would say, HU. I'm hearing the "you know" coming back to me. But it's been at Howard since the first year, and it's been pan-African, actually, crypto conference, recognizing that there have been Black people in crypto since 2008, since white people went to the cryptography lister, because there was an international cadre of cryptographers that said, yeah, let's figure out how to build this. Since 2009, when they invented their first Bitcoin, black and Brown people have been part of this evolution that has led to where we are in crypto.

And it's not by accident that Black and Latino communities lead national adoption in crypto because it is the work that Black and Latino communities did to educate our community to get them riled up, to get them enthusiastic, to talk about ownership that led to their adoption. And part of the conference is we claim that adoption. The industry didn't do it. The industry was very surprised by it.

So, the Black Blockchain Summit has always been a pan-African convergence of three days at Howard where people come from across the continent of Africa, from Kenya, from Nigeria, but across the US as well, from Ohio, from Georgia. And annually, this is when we actually get together and we talk about what we're building, how we're building, some of our frustrations in the industry. And also, how do we support each other? And how do we really make sure that the growth that's happening in crypto remains responsible?

There was a time when I was doing sessions for my [inaudible 00:37:33] members, and we could do that. Right now, the hype and FOMO is driving things that we know the danger of scams, we know the danger of people going into crypto not understanding it's an empowerment tool and thinking that it is a get-rich scheme. So, we talk about financial inclusion but also about risk.

And so, this past conference, there was a lot of young entrepreneurs, young Black entrepreneurs that actually have created early warning systems for wallets, that are looking at risk from a perspective. Rectifier is one of the new projects that's actually great. This young Black woman created it.

This year though at Howard, what was interesting about it, this is the first time it became such a, I would say, across the crypto spectrum. We've always had Gemini support it. We've always had Uphold support it. But this year, Galaxy just funded a whole day of programming. The Blockchain Association that I work with funded. We had so many more mainstream funders that didn't target this audience.

The Black Blockchain Summit has always been a recognition that crypto conferences are expensive. Even the least expensive one is not accessible to people. So, if we're going to make this space inclusive, we have to create opportunities where it's free or it's very minimal.

So, since year one, the Satoshi is Black T-shirt has been... Sinclair Skinner, that was his mindset. And so, we've actually ran of it. I have a Satoshi is Female t-shirt as well. But we've even had large companies. Gemini uses the whole Satoshi is Black t-shirt and this whole mindset. And it goes back to this whole thing of what people don't know, that crypto is owned by everyone and no one at the same time. And that whoever we are, we are crypto and we own it. And so, I'm excited to see what it will be like next year, but it's always been a great source of thought leadership.

Jo Ann: You want to say something?

Delicia Hand: Yeah. I want to make sure as well that I'm still able to keep my consumer advocate and street cred. And a couple of things Cleve said just reminded me to anchor back to some things to just also make sure that people hear that we're not saying and we don't imagine that FinTech, digital finance is going to solve for everything and that it's without risk. We take the view that finance is risky.

There's somewhat cognitive dissonance, if you like, to both ask for more inclusivity and better access and consumer protection and also demonize the providers of that. So what we're trying to do is chart a different course where we have an engagement that's really focused on outcomes, not overly product focused where you forget the consumer but also not demonizing financial institutions.

Circling back to Cleve's point, who are millennials and who are Gen Z-ers? These are folks who grew up in different times where they have risk all over the place. If you're a millennial, you grew up in 9/11, and you were born into, you're a child during all of this time of change.

Cleve Mesidor: You graduated during the 2008 financial crisis.

Delicia Hand: Right?

Jo Ann: And now, you're trying to have a family in the midst of COVID, a once in a century pandemic.

Delicia Hand: Yeah. These are consumers who saw their parents make the bet that it was worth taking on tons of debt to get on that ladder and some of whom came crashing down, lost their homes, are still paying off student loans. And policy haven't solved for this. And so, you can see why there's a different affect with millennial and Gen Z consumers. They feel the need to divest of traditional pathways. And maybe DeFi is a little bit more attractive, or at least there's curiosity about that, because they've seen the results, which is there have been shifts, but they haven't prevented some of the disastrous things that have happened. Didn't prevent the rise of for-profit institutions, which have left people saddled with thousands and thousands of debt.

But I think this is where in addition to a number of different approaches, because it's not going to be a one-size-fits-all solution, having clear metrics, making sure frankly our metrics are user-centered, we're going to hold ourselves to the same principle.

It's important to also be working with diverse audiences and younger people in really thinking about, well, what's meaningful? How are you defining inclusivity? We continue to do our regular work. Our most recent survey, for example, a nationally representative survey on buy now, pay later shows that Black people are six times as likely to use buy now, pay later than any other groups, and position that to double digit ownership numbers for use of crypto. They're also more likely to have more riskier use of buy now, pay later.

We're not saying buy now, pay later is all across the board predatory. But if consumers, particularly, traditionally more vulnerable consumers have riskier use patterns, what are those companies doing to invoke and infuse in the technology that they're deploying to consumers early warning signals or different ways in which to course correct?

Jo Ann: So... Go ahead. Go ahead.

Cleve Mesidor: I just want to piggyback off of this whole thing about millennials and zoomers, especially millennials, what they've lived towards. There are these twins, America and Penelope Lopez that go by CyberCode Twins. Love them. They're these two Latinas. They were early Bitcoiners. They go around the country, and they come at it from their perspective. They go out and train people on Bitcoin. They're [inaudible 00:44:44].

But at the heart of their Bitcoin story is the fact that getting early into Bitcoin, having Bitcoins, saved their parents' homes. They talk about that their mother was facing foreclosure, and they cashed out some of their Bitcoins to actually get out of foreclosure. So for them, getting rich was never even a prospect. And they're always talking about going to help this family member, going to teach them about how to buy cryptocurrency, because it has been empowerment because of that. So, I do think that going back to the Black Blockchain Summit, for us, it has always been about solving problems.

I think decentralization is what brought most people to crypto over the last 13 plus years. But I think since Bitcoin hit $20,000 and the world said, oh my god, Wall Street said, what's happening here, even Silicon Valley said, we can't continue to hate on this, it created two tracks for crypto. It created a track for those who wanted to stay on a decentralized track, which was not going to be about revenue and profit, and those who really wanted to dig into store value, creating products and services for traditional investors, for wealthy people.

This is a capitalist society. We all need to make money. But I do think that, going back to your comment in terms of what's predatory, again, technology, innovation, they are tools, and all tools have the capacity to become predatory. But I do think that what's different now than when payday lenders said we're going to solve financial inclusion, is two generations, millennials and zoomers, that really have a sense of the way they need to protect themselves, that their adoption, their use of this, I think, they're the game changer that will make it hard for the technologies and the innovative tools we're creating to become predatory in the ways that it did in the past.

Jo Ann: And what prevents that exactly? Is there-

Cleve Mesidor: I think it goes back to what we were saying about ESG. It's not just hype for them. For them, when they talk about the climate, I'm a Gen X-er, I assume this is going to happen after. I don't have kids, but I assume it's going to happen after I die. For zoomers, it is their children and their grandchildren that may have to face this. And as we talked about, just as they were recovering from the 2008 crisis, a pandemic and a recession happened. So, I think they're much more pragmatic about some of these decisions. And I think they're citizens of the world where they really think locally, how do we solve this? And when they think about what the solution should be, they reach out across the globe to their contemporaries, because their lines are not, oh, who lives in the West Coast versus the-

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Cleve Mesidor: The lines are not, Ohh, who lives in the West Coast versus the East Coast? Those networks are every day. They're talking to them daily as if they are next door, they're always in the same room. So I do think that's the difference, right? I remember when I was also in The Obama Administration, the White House had this internship program that everybody wanted. And so once the White House chose the ones for the White House, they would send the top choices to the political appointees to choose interns there. And I remember it was a smorgasbord of students from Harvard, from Penn State. And so I remember we brought in five of them, plenty of kids. If I was graduating with them, I would've thought, "oh my God, I'm going to work Wall Street and make money." They all wanted to go work in the public sector, they wanted to work for government, they wanted to focus on small cities.

They were thinking about changing the world, when they all had the pedigree to actually go in and make money. So I do think that when you're young, you are idealistic. But I do think for this generation, for these two generation zoomers and millennials, the consequences, things we have taken for granted, the bad impacts that we are leaving to them forces them that they don't have the luxury of just being about continuing capitalist society.

Jo Ann: And before we leave this point, I want you to say what you said in the session earlier about the fact that, to reach them, you need to remember that they're not trying to be where we are. So talk a little bit about that.

Cleve Mesidor: Yeah, and during the session, during the money 2020 session, I pointed out that there's a recent news story that said that Zoomers are not getting the news from search engines like Google. That the search engine they use most is TikTok. Most of us don't think of TikTok as a search engine. So if we want to reach them, we have to look to TikTok as a search engine because they actually go through great lengths to disconnect from Gen X'ers and baby boomers. They created information portals for themselves and the minute Facebook or somebody acquires them, they exit it. But we can also say that oftentimes, we're having [inaudible 00:50:27] conversations, economic conversations, where the few people in the room under 50 or maybe 1 or 2.

So until we actually find ways to engage them authentically to so that they know that they're important and make sure that they are present in every conversation, we're not going to create rules of the road because they're creating the rules of the road and they're planning to implement it without us. And right now we need an intergenerational approach, not just a siloed, old God versus new God.

Delicia Hand: And I think Covid 19 was certainly a game changer there. I remember maybe this was Plat first FinTech effect report coming out of the summer of 2020 where they talked about the fastest adoption rate that year were people over 50, right? Because out of necessity, people had to engage digitally and figure things out. I worry about my parents who are navigating this sea of products. There are over

11,000 FinTech online only or access through mobile apps products out there. If I'm a consumer, I'm looking for a mortgage, I've got over 600 companies. You can go on and so forth and how do they know what's a scam, what's real? Not to even then go further into the crypto space. And so, you made the comment around paternalism, I don't think it's about protecting consumers. They are out there, they are engaging, whether you are whatever generation.

We are now at an age where people spend more time looking at their phones than they do looking at each other. And so what are we doing to build capacity such that we've got better integration around core principles of consumer protection in that technology to help consumers navigate this vast sea of products, whether you're Gen Z or across the spectrum. And so it's a really exciting time but also scary.

Jo Ann: Go ahead Cleve.

Cleve Mesidor: I would add that again, within crypto we want to make sure crypto is accessible to people. We are also making the case that most financial instruments have never been accessible to the public. That they are laws that ensures that ETFs, derivatives can only be accessed by the wealthy. So even that paradigm of advocating for this whole notion of an accredited investor, that you are giving them the greatest guard rails, the greatest protection, but you're just saying only the wealthy can actually build wealth in that way. So we're having this conversation that we need to make financial services more accessible and not just new tools like cryptocurrencies, stable coins, whether it be or even activities like Deep Wolf and Defi. But we also need to open up traditional finance. And this is why this conversation is important because that goes to the conversation about risk and empowerment.

We should need to lean into risk, we need to make sure it's empowerment because that will make sure that we're integrating the tools and just what you said in terms of which product. There's so many products out there, I have been doing a newsletter for five years, so all of my networks and consumers and I connect with people I know read my newsletter weekly, who said "I haven't bought it yet." And I'm like why? And they said, "well I'm not sure where to go, which apps." And that whole concept of trust, I'm literally having to say, pull out your phone, do you have cash out PayPal, oh, I haven't heard. Start with an app that you trust already that already is there. So for them, something that takes me three minutes and I tell them, buy $10, I'll reimburse you if need be.

But the issue is not that, and this is not financial advice for anybody who's listening, the issue was they were hesitant because they didn't know which product to trust. They didn't know, oh my God, Gemini, Cracking, what is that, Right? And I remember one woman, she said that doing it in a safe place with me was helpful as well. She actually knew she could do it to Cash app, but just having me there and to the process was helpful. But I also told her about coinmarketcap.com where she could follow financial information about Bitcoin.

So it wasn't just buy $10 Bitcoin on Cash app, it was go to coin market cap, follow the trends, you'll get information. So this whole thing of people do want resources and they do want guidance and we shouldn't take that for granted

Delicia Hand: And we can't build the whole thing around them having a personal advisor, which is what wealthy people have today, but most people don't. So I know we're going to run out of time. Honestly, I feel like we should just stay here for the rest of the day and we have it figured out by midnight. But the three of us are in the middle of this ecosystem and I know you feel the same way I do. You hear people talking about things and sometimes you can start to hear something emerging from a lot of the noise, that's important. And what I have been hearing lately is a lot of different kinds of people willing to say that the traditional financial consumer protection model is broken or is insufficient and we need a new one. And what should that look like? You know this, I was at Harvard for two years as a senior fellow, I did research on all of these issues and we know the disclosure model doesn't work.

Not to say it's not good to have disclosures, people don't read them, they are not using them. We know that traditional financial literacy does not work either in the way that we traditionally taught it. And those have been the two panaceas for 50 years, right? That we are going to have disclosure so people can make choice and we're educate everyone. Now we have different technology, different ways of delivering knowledge, different ways of alerting people to risk. So I know you don't have it all figured out yet, but beyond Delicia, what you're going to do with consumer reports, what are the elements of a new way of helping people understand and manage risk as they manage their financial lives?

Cleve Mesidor: Well, if I can step back a bit and it goes back to what is that solution? What is that new way? And I would argue it already exists, and that we already.... That we just don't have the will or the incentive to implement it yet. So I look at September 11th, in tremendous event for the US that what happened after September 11th was the fact that somehow it felt like in the blink of a night we created the Department of Homeland Security. All of a sudden it was like, oh, we need to do this. And then more importantly, after September 11, it became easier to fly. All of a sudden I could check in online, also I could have a digital. So it was clear, all of a sudden TSA was set up and also now these airports were talking together in terms of a digital format.

So September 11th showed that there would need to be a trigger to implement some of these tools that were already behind the scenes being contemplated. So for me, the crisis in our financial system that is so broken, it doesn't work for so many people that we can no longer ignore it. That a lot of the solutions are in place and unfortunately I hope it doesn't take... We've been threatening that we are in a recession and we actually are in a recession. But it will take a deeper recession to actually force us to deploy these tools and actually do better by the economy. I will tell you, we're in a bear market right now and is crypto went through? Yes, but crypto has survived three previous bear markets. But right now, will the economy come out of a recession better, will look at Dow, S&P and Nasdaq, will they recover?

So what will come out of these ashes? I actually don't believe traditional finance will recover. I think what we are going to see coming out of the flames is that trigger that's going to force us to actually figure out... Right now for crypto, there's this whole conversation about should it be the CFTC because the cryptos are commodities. No, the security says VCFTC. So we have a new agency and that's great, but when I speak to banks, they're just like, "well me too, we want better regulations too." And FinTech are just like, what about all of our problems? So even with crypto, obviously yes, CFTC over FCC all day and night right now and also, yes, maybe a regulatory agency that can look at crypto from the lens of how, because it doesn't fit in the way you regulate banks or traditional banks or the financial markets.

But that's like a bandaid, right? Because right now we need a regulatory framework, that addresses the problems in traditional banking, in financial markets. So unless we're doing that, we can carve out little space for crypto, but it's just going to be a part of... It is going to be a bandaid until we actually get to that little level. So sorry for the audience, I am the doomsday talk, but I did want to share, I do think that the solutions are bigger than we're thinking and those tools exist is what is that event that's going to cause us to actually do what is needed.

Delicia Hand: Wow, you were right. We don't have enough time. So I'll say...

Jo Ann: I feel like I should order a bottle of wine or something.

Delicia Hand: Yeah, I think a flawed system will only ever continue to produce flawed solutions that don't go far enough. And I think one of the fundamental flaws that we've seen, frankly, not just the past 10 years but 20, and prior is instead of the regular community, really sort of examining and internalizing technology, it's this reaction to technology. We have to control it, we have to protect. I think the CFPB in my days there, I think one positive thing at the time that you had the emergence of prepaid cards and it was the new technology and new questions around payments and the CFPB could have gone the path of, all right, let's define it, let's see how we fit it in.

But they actually stepped back and took a principle based approach and said, "okay, well it is a form of payment and let's use the existing regime." I'm not saying that that is the silver bullet, but for me, I step back and I look at the last couple of years of Washington and folks pointing the finger and now frankly in competition about who should regulate digital assets and things like that. And then I look at Europe, they've already set a very clear firm stake in the ground and have stepped back to core principles. We don't have a principles based regulatory system, so that's a whole different matter. But I do feel like we continually miss a trick where A, we don't actually change the foundational infrastructure of any of the regulatory bodies and then B, technology is now a tool and we really need to... I mean it's many things, but I think it's a lost opportunity to not also examine blockchain and other adjacent technologies and examine how that can be part of the solution.

You're seeing amazing things happen outside of the finance space. You don't really see in the regulatory community, there are some good models where you're finally seeing a sort of meaningful integration of technology to actually try to build solutions. But we're stuck in the complexity and the world moves on and technology continues to evolve. So I'm not entirely sure how we pull out of that. That's just my view of, I would say the challenge and the missed opportunity there. But it's exciting stuff and I think one of the ways that we can move past is actually thinking about things like, okay, well disclosures haven't worked, right? But what is the need for disclosure when you've got more integrated solutions that actually push information to consumers in the middle of a transaction? Is there opportunity there? So concretely, these are some of the pathways that I think frankly to Cliff's point, they already exist.

And I would say we're probably five years out before... I mean there are other countries that are having super app conversations and talking about the interaction between apps within apps to solve foreign detect fraudulent patterns and things like that. And yet we still have a regulatory system where examiners are flying out and they're sitting in banks and they're examining spreadsheets.

So we have to solve for that first and make some meaningful investments in technology, actually understand the technology ourself and then actually figure out how do we deploy it to find solutions. I also think that we need new frameworks, we need new ways of thinking about consumer protection. Maybe instead of preventing, we're looking at specific outcomes, specific actions that companies need to take. And if they take those actions, they can be scored or things that they can do because we're never going to solve the innovation. Innovation's not going to go away. Several years ago, the National Mortgage Listing Service was an innovation, it was a solution brought about by states while the feds continued to figure out who was on first. The states move first to find a solution. So we got to get more comfortable, we have to integrate. And when I say we, not just regulators, consumer advocates, we have to move beyond romanticizing days of the past and really take a deep dive, understand the technology, and then develop technology integrated solutions.

Cleve Mesidor: And I would love to turn the table on you, Joan. Yeah. Because I know you've been talking about an outcomes you live in solution for regulation as well.

Delicia Hand: Yeah, we have been, and there are agencies that actually have some work underway on how to measure outcomes of financial services and their impact on financial health. And I don't know that any of them are ready to be talked about in public, so I won't name names, but there is at least one in the United States that is doing something to me breathtakingly exciting on this. Trying to figure out with the rich data that we have today and with the power of AI, types of analytics and as you're saying delays the other potential with the computing power that potentially every consumer could be armed with a super app that would be equipped to alert us to risks as we're going along, to have that tailored to our risk appetite, our risk taking capacity to be dynamic over time. But who are you going to trust to provide that? Where is it going to come from?

I don't know. I will mention we wrote a paper at air, two years ago, we called the RegTech Manifesto. We intentionally gave it a provocative name, hoping to get people to look at it. And we have now brought in Nick Cook who used to head innovation at the financial conduct of 30 in the UK and he is writing a sequel, manifesto 2.0.

And we're going to try to take these issues to the next level and I do hope our audience will watch for this. And Nick and I just met recently and he had been rereading the old paper and he said, "first of all, the things that we predicted in it are all coming true, and secondly, it doesn't even mention NFTs or Dows or Web 3." It was two years ago, think how the world has been changing since then. It's just getting faster. I'll say another thing too, to the point that you're making Delicia, something we're hearing more and more from the regulators is that one of the things that paralyzes modernization, and this sounds so mundane and boring to people, but it's critical, is the difficulty of the procurement rules for the agencies to buy good new tech.

And for another thing, they're not in the cloud. You can't keep up with today's technology if you're not in a cloud environment, if you have old mainframe computers. CFPB is by far the best of the US agencies because it's the youngest on these technology issues. But we're going to have to just be... The regulator is going to have to have real digital technology. On your point Clever, whether we need a new agency for crypto. I have mixed feelings on this, but I will say this. If you had a new agency that was digitally native itself and you had it regulating just the crypto industry, think about the fact that these are tech firms, they're all young firms, they all have great technology, they all are equipped to change quickly. They're all very, very agile.

It seems possible to us that you could begin to create the template for a new regulatory system if you started with the tech native firms and then built out from there, as the rest of the industry becomes more and more tech forward. There's a lot of ways, we just have to get outside the box that we're, we've been stuck in. Not that I'm critical of what's been done, this is very difficult. The regulators don't have the luxury of getting stuff wrong. They can't move fast and break things, but they need models where they can experiment. We did a show recently with Sunna to Taja, the Chief Innovation Officer at the Fed, which just blew me away. We've had so many comments on it. And one of the things she said was, regulators are going to need capability to do real beta testing.

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Jo Ann: ... capability to do real beta testing on their own practices. That hardly exists now. I mean there's some pilot testing here and there, but it's not a way of working at all.

Cleve Mesidor: And even, I know for law enforcement they were so happy when people were just using, whether it be for illicit use, Bitcoin or Ethereum, because you could track the addresses. But now with mixers and DeFi and swapping, you can't do that anymore, so as technology deepens, it becomes harder. And even this conversation we're having, it's one thing when crypto-native companies are the target and when you have Visa, MasterCard dabbling and when you have traditional banks for the large part appearing to be on the sidelines, but technically they're not. Right?

Look at Bank of America, look at how much crypto patents they've amassed. So we know that the traditional banks what they're saying publicly versus the infrastructure that they're accumulating to actually have a competitive edge in the marketplace indicates that they are planning to transform in a way that traditional finance won't even be able to fit into how they're going to innovate. When I think of some of the patents that are being taken for regular ATMs to upgrade them, right? It's not a question of just crypto, just crypto-native companies.

There are things in the works that will actually ... Robinhood just became a crypto-native company because they created a wallet. But what happens now when as some of you out there say that when crypto infects the rest of the traditional financial system? We have an opportunity to get ahead of this if we lead with technology, if we have people making decisions who understand technology, but also if we're really looking at these solutions in new ways as well.

Jo Ann: And don't forget that if you believe that web three is a thing that unlike Web 1.0 and 2.0, web three is being led by finance. DeFi is really the first big use case and it's putting a responsibility and an opportunity on those of us who think about financial regulation. Because if you go back and talk to the people at the beginning of the world wide web, they didn't anticipate that it was going to end up being dominated by these big platforms that would have all our data and all of these things that have happened. So nobody has got perfect vision into the future here obviously. But if we can anticipate what's likely to go wrong and how can we shape what's coming through smart regulation without crushing great innovation just because we don't understand it, so we're afraid of it.

Delicia Hand: Yeah.

Cleve Mesidor: Well, the good news is as you just mentioned in the 1990s, even when Congress was debating the internet, when the industry was lobbying for this new thing, we really weren't having these conversations about inclusion and accessibility. We weren't really having these conversations about risk and protection. So the great thing, at least for the digital assets and a decentralized economy is the fact that we're at the starting line and having the tough conversations, and we're saying before you move these have to be in place, so hopefully that's a good sign.

Delicia Hand: Yeah. I would plus one on that and say, you know, and there are others who've said it better, but we do have the opportunity we didn't have at Web 1.0, right? To really sort come together across various sectors and really try to insert some values driven norms.

Jo Ann: Yeah, principles like you've said. Yeah.

Delicia Hand: And I think that's just as important as the conversation around placement and who regulates what. Probably even more important, because I think the path of Web 1.0, 2.0 is let the market solve it. And the result of that has been massive consolidation, continual sort of first mover advantage. And it's why to Cleve's point, though they not all come out, one of the things that I regularly look at, my regular reading is about digital asset integration.

Which large companies, be they in finance or out of finance, are just continuing to integrate more and more crypto capabilities? They're building for the world that is and is going to be. And how are we doing that on this side of the spectrum? And so we do have the opportunity now to put those guardrails like we're having the Web 3.0 conversation and to really land upon some clear norms. And I hope that consolidates in a meaningful way and not silos.

Jo Ann: At the risk of being unfair to people, one of the problems is that the people with their hands on the main power controls are not the people who are thinking hard about this. And there it's back to the generational issue again. A lot of people in my generation frankly. I mean so it's an educational challenge. I don't know how you accelerate, because I worry constantly about the widening gap between the acceleration of change in technology and the pace of change in our regulatory and political systems. And I don't know what the solution to that other than getting everybody to listen to this podcast obviously is part of it.

I know we should wrap up. I wanted to ask, go to one other thing, Cleve. The other day you invited me to a wonderful round table, just was awesome. Talking about DeFi and Web 3, and one of the conversations there was the question, the idea that instead of protecting investors by looking at their wealth, which automatically excludes most people, could we be creating a knowledge type of testing capability? How would that be done in a practical way? Can you picture go out three or five years and imagine what the world might look like if we were trying to do that?

Cleve Mesidor: Well, I think that's hard to actually contemplate, but I will step back and say for that conversation, right, the great thing about the foundation as a 501(c)(3) as a nonprofit, is we can engage with consumer reports in a way that crypto industry cannot. We can partner with AIR, but we can also look at the blockchain foundations, founding partners, which was a blockchain association. And because at the foundation we want to have the conversations that crypto is not having, we want to actually start engaging the stakeholders who may not want to engage the industry and so we brought about 10 leaders across the section, including yourself, the head leaders at HBCUs leading tech ventures in healthcare.

And so it was wonderful to see this robust conversation coming into play in terms of how could we do this differently. How could we look at this differently? And there were quite a few suggestions coming into play.

I will say that that conversation made me think we need to have more of those because if you remember, Jo Ann, there was a spectrum of different recommendations, but I think there was some alignment as well. Obviously the recommendation we need to do differently, but even Dr. Puckrein, Gary Puckrein from National Minority Quality Form, we're talking about some of the gaps in healthcare and some of the course there. So I do think that some of those solutions actually are possible or are entertaining to explore. And if you could look further down, what does that look like? But I do think we need to have those conversations with those people in mind who can really go a little deeper.

Jo Ann: Yeah. We're just at the beginning I think of a whole new paradigm. I guess sounds like a cliche to say that, but I feel like that's what's going to emerge here is a new paradigm on how we empower and protect consumers.

Cleve Mesidor: But also I think for us at the foundation for that conversation is crypto leaders are building tools, but the folks who the people trust, all these leaders of these advocacy groups, the leaders of these stakeholder organizations, they already have a natural constituency. So they need to be part of these conversations in terms of what the solutions are, right? Because we will never understand their stakeholders, their constituents, the folks that advocate for the way that they ... So we need to bring them in the conversations with crypto leaders who are thinking we can solve the world's problems, but the people who actually have been frustrated.

Jo Ann: At the problems?

Cleve Mesidor: But have been frustrated that they can't solve it and want to have a conversation. They just don't want to have the crypto will solve everything conversation, it's the best, right? They really want to sit there and want to hear, want to have a CEO say, "Tell me your thoughts," and actually listen and actually be meaningfully engaged.

Jo Ann: Yeah, absolutely. Is there anything else that you all want to say?

Delicia Hand: Well, it's been a lot.

Cleve Mesidor: Well, I think for us at Money/2020, getting this opportunity to have this conversation was an opportunity to say we need more data, that we need more conversations, we need more engagement, but also we need to continue to have this conversation.

Delicia Hand: I would also add we need new metrics. We need new frameworks. I would say there have been some great foundations. I would make the same kind of characterization Web 1, 2, 3. We talk about 20th century regulation, 21st century regulation, what comes next? So what's reg 3.0?

Jo Ann: Exactly.

Delicia Hand: Is it centralized? Is it not? Who is at the table? And so I think it really is time to envision a new regulatory system. One of the things I often harken back to is a saying that a rotten tree will only ever produce rotten fruit. I'm not saying, and maybe flawed is probably the more accurate description of my view of the regulatory trajectory, but when you think about, particularly from the perspective of traditionally excluded communities and folks who were not part of the financial mainstream, there have been advancements, but it's not been enough.

And so those communities left behind are now solutioning for themselves. They need to be at the table, and they have even more at risk. They've not gotten on the ladder in many places. In fact, going back to millennials and Gen Z, some of them have divested from some of those goals and things like that. So I really do think it's what is regulation 3.0 of the 21st century and beyond? And it needs to be a multi-sector, multi-generational conversation. We need technologists. We need financial institutions. We need regulators. We need consumer advocates at the table.

Cleve Mesidor: Leaders of public institutions.

Delicia Hand: Yeah. Leaders of public institutions.

Jo Ann: You all came to a event that we sponsor every year in the summer, and this year's theme was regulation 3.0. I do think that's the way to think about it. It's not just let's do the new issue of the day. We deeply need to rethink the models and make them technology powered and data powered. That's the key.

Cleve Mesidor: We have to treat almost, maybe almost treat technology as a constituent that needs to be at the table. We have to say how are we integrating this? Because it's disrupting, but it's also infusing and it's causing the evolution, right? So we can no longer be at a hearing when a senator asks Facebook CEO, "Hey, how do you make money?"

Delicia Hand: But didn't the first AI robot testify in the UK at some [inaudible 01:27:19] the other day?

Cleve Mesidor: Yes. Yeah, yeah.

Delicia Hand: We are in that moment now. I remember an NPR story a few weeks ago that talked about how folks that are in the chess world, folks are using AI and observing the way human beings play versus the way that technology robots play. And one of the things I'm still thinking about it, and the thought is still crystallizing, but one of the ways in which they're able to detect when a human being is cheating is by looking at how AI, the choices that AI makes, right?

And one of my takeaways and I thought, "Well, what does this look like in the financial services context?" But it talked about the fact that AI is not trying to win. AI is also continuously learning.

Jo Ann: Learning.

Delicia Hand: It's trying to win at strategy and multiple options and so different from human beings, AI in a chess setting. But I imagine there's other applicability will make mistakes, obvious mistakes for the purpose of achieving a specific outcome. So going back to shifting from, or at least adding onto a purely preventative regulatory framework. What is something and probably using technology that really drives towards very specific outcomes and very specific norms that inform our current financial services system? I think that would be a great conversation. And frankly, maybe technology should be at the table.

Cleve Mesidor: And it shouldn't be scary for folks. I remember Black Panther, one of the things I liked about this whole imaginary place of Wakanda that was so technologically savvy, but at the end of the day when you looked at, it was still an agricultural society where people actually farm the land. So even when you look at Zoomers, right, the people in high school and college right now, they're actually moving away from some types of technology.

Obviously there's technology, but for them they're not allowing it to dominate their world that is showing in the same way that it did with millennials. They're putting it in context. So for Gen X-ers or Boomers that what we just said sounds like code for, you're trying to replace me. Now it's when baby boomers, they were the first to actually look at innovation. That's what, oh, god, washing machines were, right? First electric ovens, all of these things, learning how to deal with technology so we can no longer ignore it. We can only put it in context and figure out what makes sense for me if we actually understand it.

Jo Ann: Yeah, that is so true. I remember thinking about my grandparents, my grandmother growing up with horses and carriages and kerosene lanterns and outhouses.

Delicia Hand: I grew up with those coming from the Caribbean, kerosene lanterns in our houses.

Jo Ann: There you go. Okay, well, in the US context, and then seeing men on the Moon in her lifetime, I mean, people are adaptable and we'll figure this out. We have to have the smartest people doing it. And I'm so grateful to you two. I'd love to have you both back again, and I want to say to our listeners, okay, I'm just going to say it, I'm officially designating this as my favorite show we've ever done.

Delicia Hand: Thank you, Jo Ann.

Jo Ann: And I hope people are inspired to really think about these thoughts. Think about who should be coming to the table, how do we enrich the conversations? How do we broaden these conversations? Nobody has it figured out, but we do have the beginning of a pathway toward figuring out huge things that are going to need good, good judgment and data to get it right. In some ways, I think it's the challenge of our age really to get this right.

Cleve Mesidor: Absolutely. Yeah. It's not just the future of money, it's the future of the next few generations, if we don't get it right now, we actually put their futures in peril.

Jo Ann: Exactly. Okay. I have to ask, where do people find information on Consumer Reports, Delicia, or on your project?

Delicia Hand: Sure. They should go to consumerreports.org and we do have a search bar. We have not yet launched, but we will in the next several weeks. So I would say early December we will have a landing page for our framework and you'll be able to read through the framework and access our first case study on peer to peer payments.

Jo Ann: Fantastic. And Cleve, where do we get information on The Blockchain Foundation?

Cleve Mesidor: Yeah, so The Blockchain Foundation we launched it earlier this year. The URL for the website is theblockfound.com, so it's abbreviated The Block Found.com. It's also the same. It's also The Block Found on Twitter. And we also have a LinkedIn page where we'll be updating people on some of the work that we are doing. Obviously for myself, I am on Twitter the most at @CMESI.

Jo Ann: Great. And we will link to all of this and anything else you want to put in our show notes at regulationinnovation.org. I cannot thank you guys enough. I have learned so much and gotten so excited. I can feel my blood pressure and my spirits rising as I listen to both of you. It's really an inspiration. So thank you.

Cleve Mesidor: Thank you for having us on and it's so great to enjoy and experience Money/2020 with the three of you.

Jo Ann: Absolutely.

Delicia Hand: Yeah. Definitely. Thank you so much for having us here. Money/2020 has been great, and hopefully we have helped to shift the conversation.

Jo Ann: That's it. Absolutely. Thank you both.

PART 4 OF 4 ENDS [01:33:42]