

United States Senate

WASHINGTON, DC 20510

August 21, 2021

Mr. Dave Uejio
Acting Director
Consumer Financial Protection Bureau
1700 G St NW
Washington, DC 20552

Dear Acting Director Uejio,

We write to you promote American leadership and prominence in financial technology (FinTech) through the Consumer Financial Protection Bureau's (CFPB) Office of Innovation. It is essential that the United States has accessible platforms for interested entities that aim to gain participation in the market. The Office of Innovation has the ability to promote competition, while protecting and benefiting consumers.

Countries across the globe have embraced the idea of regulatory sandboxes. Regulatory sandboxes are an opportunity for financial technology products and services to obtain tailored supervision and to test their products on a limited scale, while receiving specific guidance from regulators and affording government the opportunity to learn about technology first hand.

The value proposition in sandboxes lies in the collaborative process between innovators and the government and the opportunity to obtain specialized guidance from regulators about how new technologies fit into legacy frameworks. The United Kingdom's Financial Conduct Authority's (FCA) sandbox, in particular, has created an avenue for small businesses and entrepreneurs to innovate in a secure environment and attracted a significant amount of international investment. If the United States plans to continue to be a leader in emerging technologies, the CFPB's Office of Innovation should closely monitor and learn from the policies the United Kingdom has initiated within its sandbox.

Recently, a handful of states have adopted their own regulatory sandboxes. These states have taken an important step to support innovative products and services that allow consumers greater choice in the market. While the CFPB has overlapping authority over the states, it's of the utmost importance that the federal government works with states to provide them with the tools necessary to ensure their sandboxes are safe and effective to operate in. By helping states, the CFPB will be able to pursue its mission to protect consumers by preventing bad actors and by encouraging competition and innovation.¹

Additionally, I encourage you to maintain the Office of Innovation. CFPB staff has done important work over the past few years by providing innovators with no-action letters and sandbox opportunities relating to compliance assistance and disclosures. The CFPB has also hosted 'tech sprints' in which technologists partner with the CFPB to solve pressing regulatory

¹ Brian Knight, Opinion Contributor. "Will the Biden CFPB Clamp down on Innovation and Regulatory Sandboxes?" TheHill, The Hill, 9 Mar. 2021, thehill.com/opinion/finance/542257-will-the-biden-cfpb-clamp-down-on-innovation-and-regulatory-sandboxes?rl=1.

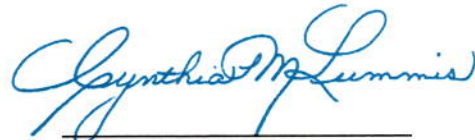
and consumer protection challenges. In our current era of financial technology, we must adopt a proactive approach to technology which both fully promotes new opportunities of this space and appropriately mitigates the risks.

We appreciate your attention to this important matter. It is paramount for the CFPB to work with Congress and the states to facilitate a safe, efficient, and prosperous marketplace for all. A briefing on this request within 30-days of receipt of this letter would be particularly helpful.

Sincerely,



Marsha Blackburn
United States Senator



Cynthia M. Lummis
United States Senator