



July 24, 2018

BUREAU OF CONSUMER FINANCIAL PROTECTION ANNOUNCES DIRECTOR FOR THE OFFICE OF INNOVATION

On July 18, 2018, the Bureau of Consumer Financial Protection (“BCFP”) released a statement that Paul Watkins was selected to lead the BCFP’s new Office of Innovation. Watkins comes from the Arizona Office of the Attorney General, where he was in charge of the office’s fintech initiatives and he managed Arizona’s FinTech Regulatory Sandbox. See our ALERT of March 28, 2018.

In May 2018, acting Director Mick Mulvaney remarked at a Women in Housing & Finance event in Washington that the BCFP is actively working on launching a regulatory sandbox for the financial services industry. Appointing Watkins as the Director of the Office of Innovation will help the BCFP achieve this mission.

The press release states the Office of Innovation was recently created to focus on encouraging consumer-friendly innovation, which is now a key priority for the BCFP. To achieve this goal, the Office of Innovation will focus on creating policies to facilitate innovative and review outdated or unnecessary regulation. In an interview, Director Mulvaney stated that he expects the Office of Innovation to look closely at cryptocurrencies, financial technologies based on blockchain, private currencies and microlending, in addition to fintech regulations.

In October 2014, the BCFP previously introduced Project Catalyst as an option to promote innovation. See, e.g., our ALERTS of March 7, 2016 and October 23, 2014. Only one no-action letter was issued under that initiative. The work that was done under Project Catalyst will be transitioned to the Office of Innovation.

The creation of the Office of Innovation comes at a time when leadership of the BCFP may be transitioning from Director Mulvaney to President Trump’s nominee, Kathy Kraninger. The expectation is that the new initiative will address many of the perceived limitations of Project Catalyst. We will continue to monitor the Office of Innovation and provide updates. □

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