



CFPB Office of Innovation proposes “disclosure sandbox” for companies to test new ways to inform consumers

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Update (Feb. 7, 2019): The original headline suggested that the proposed Disclosure Sandbox would be open only to “fintech companies.” In fact, as the body of the post indicates, any covered entity, regardless of its categorization as “FinTech,” “bank,” “credit union” or otherwise, could apply to test a trial disclosure with the Sandbox.

This week, the Bureau’s new Office of Innovation took action to further the Bureau’s statutory mandate to ensure that markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation. The Office proposed the creation of a Disclosure Sandbox through revisions to the Bureau’s existing policy to encourage trial disclosure programs. The existing policy was established in 2013, although the Bureau has not approved any trial disclosures. The revised policy is based on the same statutory authority as the existing policy, which allows the Bureau to deem a covered person conducting a trial disclosure program to be in compliance with or exempt from a requirement of a Bureau rule or certain federal laws.

The proposed policy includes a number of revisions designed to more effectively encourage companies to test new disclosures:

- Streamlining the application and review process to focus on the quality and persuasiveness of the application

- Granting or denying applications within 60 days of submission
- Establishing an expected two-year time frame for the testing of disclosures
- Specifying procedures for permitting companies to continue to use disclosures that test successfully
- Coordinating with state regulators so that entities within state "regulatory sandboxes" may be able to participate in the Bureau’s Disclosure Sandbox without applying separately to the Bureau

This proposed policy, combined with the Bureau joining the Global Financial Innovation Network, is the first action to come from the new Office of Innovation, which Acting Director Mick Mulvaney established in mid-July. Other initiatives may be released in the coming months. The Office of Innovation, and the Bureau as a whole, are committed to making the financial marketplace open to innovative ideas and approaches.

The Bureau is seeking public feedback on the revised Policy—[you can read the proposed policy and comment until Oct. 10, 2018](#) [↗](#).

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