

## REGULATORY SANDBOX AS A PART OF FINTECH ECOSYSTEM

The innovation expansion within the financial sector all over the world has created various FinTech ecosystems. These ecosystems differ but, according to Lee and Shin, we can identify five common structural elements: FinTech startups, technology developers, financial customers, traditional financial institutions, and government [1] (figure 1).

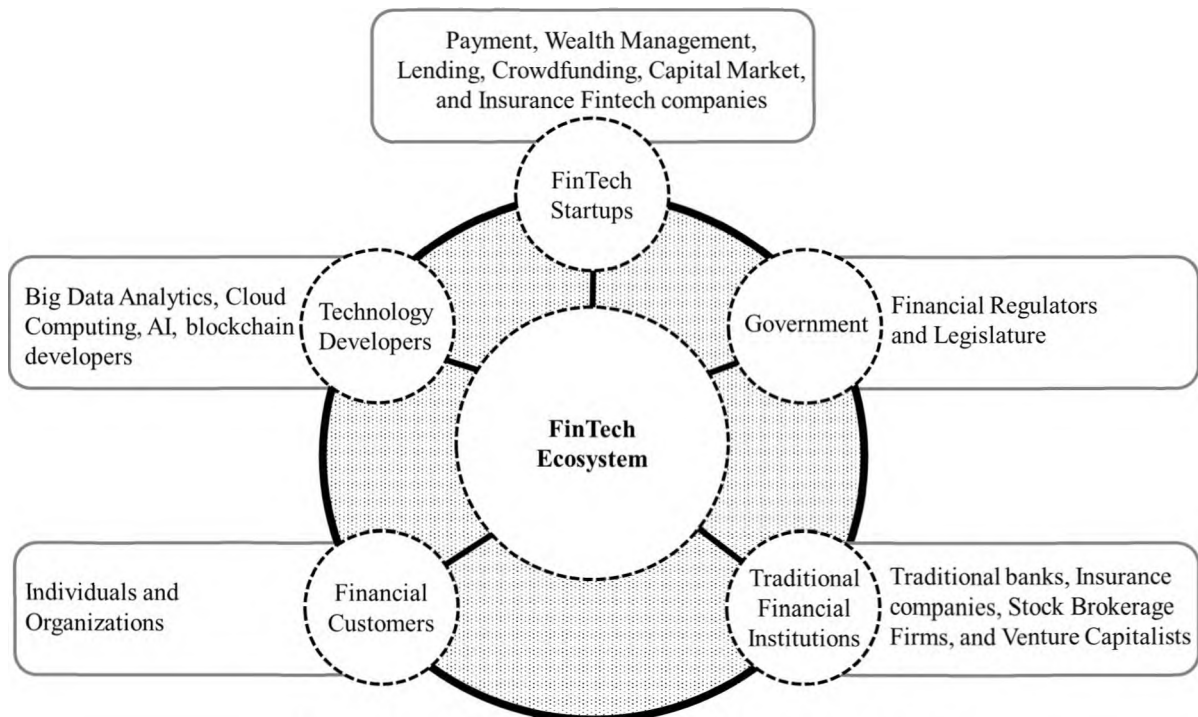


Figure 1. Structure of a FinTech ecosystem

Source: Lee and Shin [1]

For safe and efficient development of the Fintech ecosystem, local financial regulators use special tools like regulatory sandboxes, innovation hubs, accelerators, or other facilitators.

Regulatory sandboxes are safe spaces in which FinTech start-ups and other innovative enterprises can develop and test their innovations without being subject to the full extent of financial regulation [2].

The first regulatory sandbox was launched by the United Kingdom's Financial Conduct Authority in 2016. As for November 2020, according to the World Bank Group, 73 regulatory sandboxes have been announced globally [3].

Regulatory sandboxes can be categorized into two groups – narrow and broad. A narrow regulatory sandbox often operates with an innovation hub and has a general purpose of providing regulatory relief to accepted entities (figure 2). While a broad regulatory sandbox provides a wider range of assistance [4]. Moreover, lots of resources are needed to launch a regulatory sandbox, it can cost up to 1 million US dollars [3].

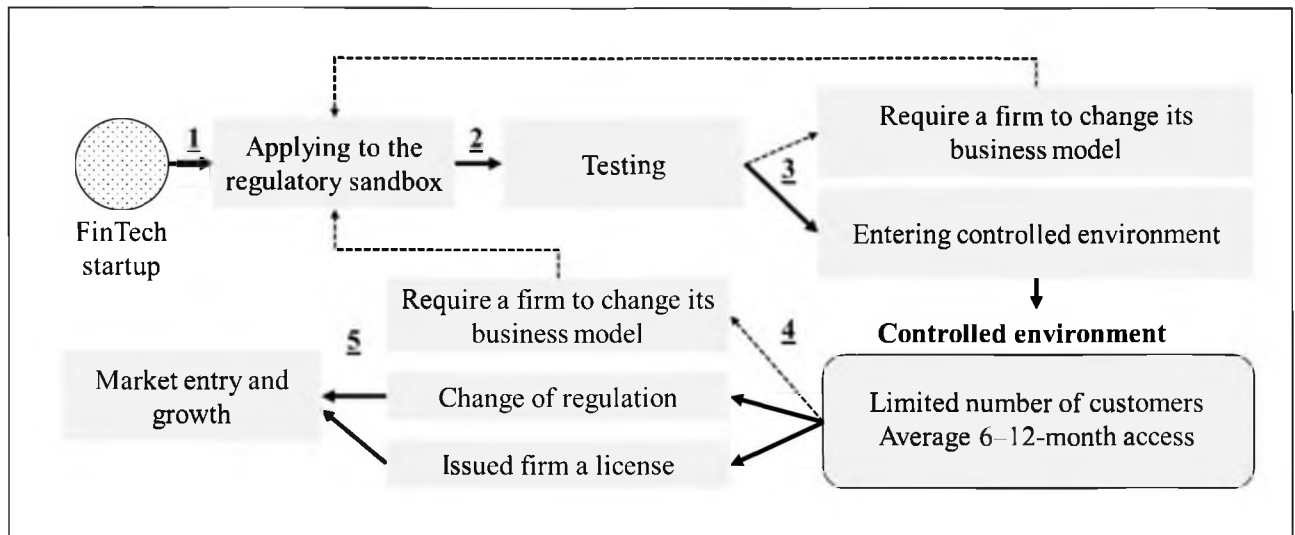


Figure 2. Simplified narrow regulatory sandbox workflow

Source: created by the author

Not every country ready or need to establish a local regulatory sandbox. It is essential to take into consideration all benefits and potential risks.

Table 1. Main benefits and risks related to regulatory sandboxes

Benefits	Risks
the ability to test products and services in a controlled environment	low efficiency
support in identifying appropriate consumer protection safeguards	high operational cost for regulator
enhance supervisory understanding of new risks brought by FinTech	potential for regulatory arbitrage
increasing competition	lack of participants

Source: Global Financial Innovation Network [5]

The regulatory sandbox approach is used by local regulators to keep up with the market innovations, but FinTech startups, especially in developing countries, cannot grow within limited local markets. To solve this issue The Global Financial Innovation Network (GFIN) was launch in January 2019. It enables cross-border testing and information sharing between more than 60 regulators and related organizations. [5]

According to the white paper, released by the National Bank of Ukraine, the regulator expects to join GFIN and launch a regulatory sandbox by the end of 2021[6], despite the low trust from the local FinTech companies, shown in USAID FST survey 2019. [7] In countries with a low rate of financial sector development and lack of trust from market participants, the framework of a broad sandbox is preferable.

The main aim of regulatory sandboxes is to increase the efficiency of the financial sector, without reducing safety and protection standards. It can be reached by a non-discriminatory selection of the participants, cooperation with innovation hubs, and international regulators.

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### **WHAT ARE GENDER DIFFERENCES IN THE USAGE OF FACEBOOK?**

There is a popular thought in sociology literature that females communicate and manage their relationship differently compared to males. To be more precise, that women are more oriented on relationship and social time spending and men are mostly task oriented. (Deaux, 1987) (Tommy K. H. Chan, 2015). In this seminar paper the goal is to find out whether these thoughts are applicable to Facebook.

According to We Are Social, DataReportal and Hootsuite (2021) 44% of Facebook users declare to be a woman. This topic is extremely important in today's digitalized world. Since the Internet appeared it started commercializing. In a few decades it became the main marketplace for many groups of goods or even whole industries. In the last year due to the Covid-19 pandemic internet market share grew drastically because of inability of many people to go shopping offline. Small businesses couldn't hold the pressure and left the market. Middle and even some big companies in many countries closed their retail points but moved to the Internet. And one of the main marketplaces on the Internet are social networking sites (further SNS). According to We Are Social, DataReportal and Hootsuite (2021) the most popular one is Facebook