

URL: <https://stvp.stanford.edu/clips/the-burdens-and-benefits-of-regulation>

Annie Hockey, co-CEO of Column, describes the evolving state of the fintech regulatory environment and the potential benefits of innovating in a heavily regulated space. She offers advice for people entering the industry, encouraging entrepreneurs to get to know regulations and build lawyers into their hiring plans.



## Transcript

- When we started Column, 00:00:05,250 the regulatory framework was a little bit different.. Brian Brooks was the head of the OCC and he like wears skinny jeans and thinks he's a startup guy.. Now the OCC kind of doesn't like startups anymore.. And so we were less concerned about it at the time.. I think there was a little bit of a moment where the regulatory bodies were sort of like slightly more open to FinTech becoming a part of the regulated world, sort of like entering what's called the regulatory perimeter, and that's sort of no longer the case.. And so, you know, I think it's just kind of a cost of doing business.. What I will also say, though, is what on one hand is a burden, is also a really beautiful moat around what we do.. Like it's not easy to get a banking charter.. And once you get it, you have to like work hard to keep it.. They could take it away..

And for us, we'll just hire, again, more lawyers than we thought we necessarily needed to and focus a little bit more on compliance.. But at the end of the day, what that's really gonna do is fend off competitors.. And so there actually is a little bit of a silver lining to it.. If I were entering the space now, I think what I would just say is, I think we just saw this with FTX and SBF, like he thought that he could exist, he sort of thought he was smarter and he could exist outside of our regulatory schema and sort of be a cowboy.. I would hesitate to have that same thought.. So whatever kind of space you're entering, I'd just make sure you're familiar with the reg, even if it doesn't directly apply to you.. Talk to people who will talk to you about maybe the future of the reg, 'cause it will shift.. And there's people who kind of can see where it's going.. And like again, maybe build some lawyers into your headcount models a little earlier than you thought...