

# Inclusion, cryptocurrency, and inspiration: a view from the Financial Conduct Authority

*The government wants the UK to become a global hub for cryptocurrency, but to get there, the country needs to face conflicting interests between consumers and the crypto industry. **Sheldon Mills**, the executive director of consumers and competition at the Financial Conduct Authority, says that this is one of the many balancing acts faced by the regulator. He spoke about crypto, diversity and inclusion, consumer protection, and more with **Karina Robinson**, co-director of LSE's The Inclusion Initiative.*

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Black, gay, and a regulator in the City of London. There is no reason why those three descriptive words about one person should be rare. But they certainly are – even more so if one adds in that Sheldon Mills is not just *any* regulator, but one of the top ones. He heads up competition and consumers at the Financial Conduct Authority (FCA), which supervises financial services firms and markets in the UK.

He manages around 1400 people, having already been Director of Mergers at the Office of Fair Trading when he was only eight years qualified as a lawyer. As part of a conversation on [Open Door, Open City](#), a podcast of The Inclusion Initiative, I asked him with tongue-just-a-little-bit-in-cheek, why he hadn't been tempted to move to a prestigious law firm to earn squillions. After a laughing aside, Sheldon spoke from the heart when he said staying in the job was about serving the public and changing things for people, business, and the wider economy.

"I earn a significant amount more than most of the people I grew up with," he added. Sheldon grew up on a council estate in the Ely neighbourhood of Cardiff. Among other factors, he ascribes his confidence in applying to study law at King's College in London to inspirational Avril Jones, a lady who came into his school for a year. She "allowed us to see that we could use our skills and talent in a way which could change things and that gave us confidence." This included working for a charity called Crime Concern which led to his speaking at public event in Cardiff, aged 15, with Princess Anne.

Sheldon is optimistic about the City, despite surveys that, for instance, show half of all black staff worry about being judged by co-workers based on stereotypes. "There is a real spirit of change, particularly in the financial services sector... a genuine commitment from the top to change," he says, noting the catalytic effect of the #MeToo movement and the tragic death of George Floyd and ensuing widespread support for #BlackLivesMatter.

As for building an inclusive culture, Sheldon notes that it is about creating a culture that respects each individual and their contribution, creating also the conditions to allow them to flourish and innovate. That has systems and controls in place to do with recruitment, assigning projects and promotion.

The FCA has made company culture a key part of its regulatory arsenal. Before the 2008 financial crisis, culture was barely mentioned. Sir John Thompson, the head of the UK audit regulator, stated recently that a number of company collapses in the UK are linked to "[unhealthy cultures](#)." Sheldon agrees. "We've been looking at culture for quite some time because we think it's at the heart of getting good financial services out to customers and to business, but also preventing major financial crises like we've seen," he says.

The FCA supervises around 60,000 firms and asks questions of them, ranging from 'What is the risk management culture?' to 'What is the leadership and governance culture?', to 'How are staff treated and led?'

Earlier this year it put in place a new set of rules for listed companies on diversity and inclusion at board and executive committee level. They will have to include a statement in their annual financial report setting out if they have met specific targets, to include having women make up at least 40% of the board, with a woman in at least one senior board position, such as chair, chief executive officer, chief financial officer or senior independent director, and at least one board member from a non-white ethnic minority background.

The NASDAQ stock exchange and the Securities and Exchange Commission (SEC) in the US have set up similar programmes. Sheldon expects the rules will be effective, but on a personal basis, he would like to see more ambitious goals on people of colour. Regulators are never popular. Firms complain, generally privately, about the burden of red tape. Sheldon is more than aware of the need to encompass potentially inimical aims – safety for consumers and business versus boosting innovation, competitiveness, and growth.

Nowhere is this more apparent than in the cryptocurrency market. The UK government recently stated its aim to become a global hub for cryptocurrency. Yet this unregulated sector preys on ignorant consumers, who are unaware of the possibility of losing all their funds, as happened with the Beanstalk cryptocurrency whose reserves of \$180m disappeared overnight. Meanwhile, crypto entrepreneurs complain the UK is hostile to their business.

Managing all those interests is what makes a regulator's job a complicated balancing act. Currently, regulation of cryptocurrency is only for anti-money laundering issues, but there is a need to bring them into the regulatory perimeter. The FCA is hosting what it calls a 'crypto sprint' in the next months, where it invites around 150 people involved in the crypto space to brainstorm around questions such as, 'how can you drive safety for consumers while selling cryptocurrency?'

Another balancing act for the regulator is between asking firms to protect the consumer and having individuals take personal responsibility for their finances, which is also an FCA objective. Sheldon notes the UK's auto enrolment programme for pensions has been a success, but there is a need for more consumer education, which could involve left-field ideas like being asked whether you have thought about your financial health, as well as your physical health, at your doctor's surgery.

The British government had organised a global summer conference and celebration of LGBT called Safe to be Me. It was a coming out, if you will, of the country. Stonewall, chaired by Sheldon Mills, was going to be one of the 100s of groups participating. But the charity, which stands up for "lesbian, gay, bi, trans, queer, questioning and ace (LGBTQ+) people everywhere," has now withdrawn. In fact, the conference was cancelled as participants boycotted it because of the government's failure to back a ban on conversion therapy for trans people. "The challenge for me is that at the heart of this are people, people who are suffering significantly," says Sheldon. "Transgender people are currently a little bit being demonised. They are not enemies of everyday people."

Yet Sheldon maintains an optimistic outlook, pointing out that polls show that a high proportion of the British population is very supportive of the transgender community, which consists simply of "people going about their lives and seeking to contribute to society, which is what we have been discussing throughout this podcast."

*LSE's The Inclusion Initiative runs an executive, online course on how to be an inclusive leader. For details click [here](#).*



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