



March 15, 2019

Chairman Mike Crapo and Ranking Member Sherrod Brown
Senate Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Financial Data Exchange (FDX) Feedback on Data Privacy, Protection and Collection

The Financial Data Exchange (FDX) is pleased to submit the following comments to the Senate Committee on Banking, Housing and Urban Affairs (“the Committee”) concerning its solicitation for feedback from interested stakeholders on the collection, use and protection of sensitive information by financial regulators and private companies.

At the outset, we wish to clearly state that FDX exists chiefly to promote and enhance the Financial Data Exchange Application Programming Interface (FDX API) and does not express positions on matters of public policy. Accordingly, FDX is prohibited by charter from providing specific comments on any of the five questions posed by the Committee in its request for feedback. However, FDX believes it is critically important for the Committee to be aware of the financial industry collaboration that has led to the creation of the Financial Data Exchange, and FDX’s central role in the financial data ecosystem as the Committee considers whether legislation, regulation or the implementation of best practices is needed to address the policy questions in the solicitation. In fact, FDX believes that what has been achieved thus far to build consumer confidence and address inherent financial data ecosystem risks through a common interoperable financial data standard may inform many of the Committee’s deliberations on these matters.

About FDX

The Financial Data Exchange (FDX) is a nonprofit industry-led collaboration dedicated to unifying the financial industry around a common, interoperable, royalty-free standard and operating framework for the secure access of consumer and business financial data. FDX offers affordable tiered membership opportunities to any interested parties within the financial data ecosystem and is governed by a diverse board of directors from financial institutions, financial

services and financial technology companies involved in account aggregation services. FDX is an independent subsidiary of the Financial Services Information Sharing and Analysis Center (FS-ISAC).

In short, FDX aspires to become a Bluetooth-like standard for financial data so that consumers and businesses can seamlessly share and access their data however they desire to do so in a secure manner.

About the Standard

FDX’s chosen standard is the FDX API (formerly the Durable Data API – DDA), which allows for users within the financial data ecosystem to be securely authenticated without the sharing or storing of their login credentials with third parties. Through broad adoption of the FDX API, the practice of screen scraping will eventually come to an end, and the flow of user permissioned data between banks, aggregators, financial technology companies (FinTechs) applications, payments and online lending will be more secure and reliable. This standard has been under the stewardship of the FS-ISAC and some of the largest financial institutions in the U.S. have implemented this standard in the last several years. It is also useful to point out that the UK Open Banking framework is based on the OpenID FAPI which has as its core data specification the FDX API. FDX has incorporated the identity and authentication principles of OpenID and greatly expanded its data breadth and depth, making the latest version of the FDX API truly reflective of the global best thinking in the space.

Scope of Collaboration

The FDX board represents 24 of the most prominent and innovative organizations in the financial data ecosystem including financial institutions, financial data aggregators and users of consumer permissioned data as listed below.

| | | |
|-----------------|----------------|--------------------|
| Bank of America | Finicity | Schwab |
| BB&T | Fiserv | SIFMA |
| Citi | FS-ISAC | TD Bank |
| Capital One | Intuit | The Clearing House |
| Evestnet Yodlee | JPMorgan Chase | USAA |
| Experian | Plaid | US Bank |
| Fannie Mae | PNC | Wells Fargo |
| Fidelity | Quicken Loans | Xero |

In addition, and while only a few months old as an organization, FDX has attracted general members representing a broad array of financial organizations and FinTechs interested in implementing the FDX standard, evidencing the potential for rapid adoption that will drive interoperability through the entire financial data ecosystem. FDX has also engaged US regulators, industry organizations and consumer groups to make sure that all stakeholders are fully aware of the purpose and objectives of the FDX collaboration.

Consumer Control, Protection & Transparency

Given the Committee's interest in increasing consumer control, protection and transparency of the collection, use and protection of personally identifiable information and other sensitive financial information, we want to inform the Committee about how FDX is advancing some of these goals through industry collaboration and the FDX API.

First, the FDX API is fully predicated on consumer permissioned access to financial data. In other words, no financial data will be accessed through the FDX API standard without a consumer's full permission and awareness. We believe this inherently gives the consumer more control over their data. In addition, FDX is supporting and developing best practices of consumer consent and permissioning to ensure that consumers understand all aspects of how their financial data is being used and to enhance the security and privacy of financial data.

The FDX API also allows greater access for consumers to choose the services and providers they find most useful. In fact, a widely available and easy to use API also enables more institutions to provide their customers with access to comprehensive and high-quality data.

Finally, the FDX API enhances consumer protection because the financial data ecosystem will finally be unified around a common interoperable data standard that doesn't rely on the sharing and storing of login credentials and doesn't require screen scraping. As adoption grows, financial institutions, aggregators and FinTechs that implement the FDX API will have the opportunity to authenticate users and share and receive user permissioned data in a manner that is inherently more secure than the status quo.

Conclusion

As the Committee examines various approaches to address the collection, use and protection of sensitive information by financial regulators and private companies in our digital economy, we believe you should be fully aware of FDX, the FDX API and the benefits that are being derived from financial industry collaboration on an interoperable standard at this time. In fact, while focused exclusively on a technical standard for the secure access of consumer and business financial data, FDX believes that its work is:

- Empowering consumers (including small businesses) to securely opt in and permission the sharing of their financial data with FinTechs and other financial service providers with the ability to opt out at any time;
- Enhancing consumer awareness and transparency regarding the use of a customer's financial data;
- Strengthening the security, privacy and quality of consumer and business financial data; and
- Widening the availability and benefits of financial data aggregation services to consumers at all socio-economic levels.

We appreciate the opportunity to comment on this solicitation for feedback from the Committee and are happy to answer additional questions and engage directly with the Committee as interest warrants.

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