

## Open Banking Brings Innovation and Financial Freedom

Open banking is the practice of sharing financial information electronically, securely, and only under conditions approved by customers. Open banking provides third-party financial service providers with access to consumer banking, transaction, and other financial data from banks and fintechs through the use of application programming interfaces (APIs).

Over the past several years, ETA members, both banks and fintechs, have developed innovative open banking-enabled products and services that offer many benefits for consumers. Some of these new services deployed include:

- Tools that allow consumers to use a single account to manage all their financial accounts.
- Savings apps that facilitate automatic savings by consumers.
- Budget tools that help consumers set and follow budgets.
- Lending services that provide consumers with access to multiple lenders and applications.

In addition, there is a wide range of use cases for open banking beyond information aggregation and payment initiation, including account opening (identify verification and authentication), loyalty integration, account information analytics, and tailored marketing solutions.

ETA supports industry access to and use of consumer-permissioned data. We believe it is critical that consumers have *choice and control* over how their data is used and shared. The many benefits of innovation should not come at the expense of consumer protection. In this regard, the question of increased access and control over financial data and information must balance important issues such as data security, control, transparency, and disclosure.

ETA and its members recognize the need to preserve consumer access, choice, and control. To preserve market dynamism, ETA strongly encourages policymakers to be sensitive to the risk of applying a prescriptive regulatory framework to open banking. A one-size fits-all policy approach or solution will not keep pace with the dynamic nature of this space and will stifle innovation. ETA believes that industry is best positioned to lead the open banking evolution to market in addressing these diverse interests.

ETA and its members support an industry-led and principles-based framework for open data access that promotes innovation and competition among all industry participants in the financial data marketplace, that permits secure consent-based sharing and use of financial data, that is consistent with the purposes for which it was collected, and that is supportive of consumer interests.

