



OPEN BANKING IN THE U.S.

WHERE ARE WE?



WELCOME TO FEARLESS IN FINTECH

As leaders in this industry, we have a moral imperative to use our time and talents to change the world for the better.

In financial services, as in life, change is the only constant. And it takes fearlessness to not just adapt to change, but to drive it.

At a time where increasing inclusion and reducing homogeneity are now overt industry goals, we are grateful for efforts to shine a light on a broader group of financial professionals.

And now, more than ever, new perspectives are needed. The best minds of our generation have been dedicated to optimizing online ads. We must do better.

As the industry moves towards open banking, it is critical that financial professionals are change agents who can implement strategies that improve the financial strength of their customers individually, and the economy at large.

In the meanwhile, increased collaboration is needed to share best practices and collectively develop frameworks for the future of banking.

At MX, our mission is to improve the financial lives of individuals everywhere. Thanks for joining us as we co-chair this inaugural 'Fearless in Fintech' conference with Wharton Business School.

Jane Barratt

Chief Advocacy Officer

MX Technologies, Inc



OPEN BANKING & DATA SHARING IN THE US

In the past decade we have seen the rise of 'open' initiatives. We now have open source software, open government and open innovation. Up next? **Open banking.**

Open banking means that banking data is accessible and shareable with third parties upon customers explicit consent via secure APIs

WHY?

People own their data and should be able to choose to share it securely, privately and with clear intent for its use. Data sharing allows for the development of innovative products and solutions to help people and businesses improve their financial strength.

WHAT?

The industry is moving away from credential sharing and screen scraping to the secure exchange of financial data via APIs.

For financial institutions, data sharing via APIs is a way to help protect customer data as it flows through the ecosystem; and the ability to provide and connect to more innovative solutions.

WHO?

The open banking and data sharing ecosystem revolves around the financial needs of customers, and includes regulators, financial institutions, online banking providers, data aggregators, industry working groups and customer advocacy groups.

There has been considerable industry collaboration around technical standards and customer experience, with much work still to be done before widespread acceptance and implementation. In the US, no regulations or policies are in place as yet on governance or oversight of the ecosystem.

HOW?

Previously, people would access and share their data by sharing their credentials (user-name and password).

With standardized APIs and protocols, banks and authorized third parties will share secure 'tokens' to share data that is more private and secure.

Open Banking Around the World

Open Banking is gaining momentum around the world. Countries are approaching open banking and data sharing in different ways, but to the same end goal – how to securely share customer data with third parties via APIs. There are no global standards as of yet, and current approaches to figuring out how to make open banking work range from significant government direction and oversight (e.g. Australia) to a more industry driven approach (e.g. US).

Centralized | Government Driven Approach

Decentralized | Market Driven Approach



Australia



Europe



UK



Hong Kong



Mexico



Canada



USA

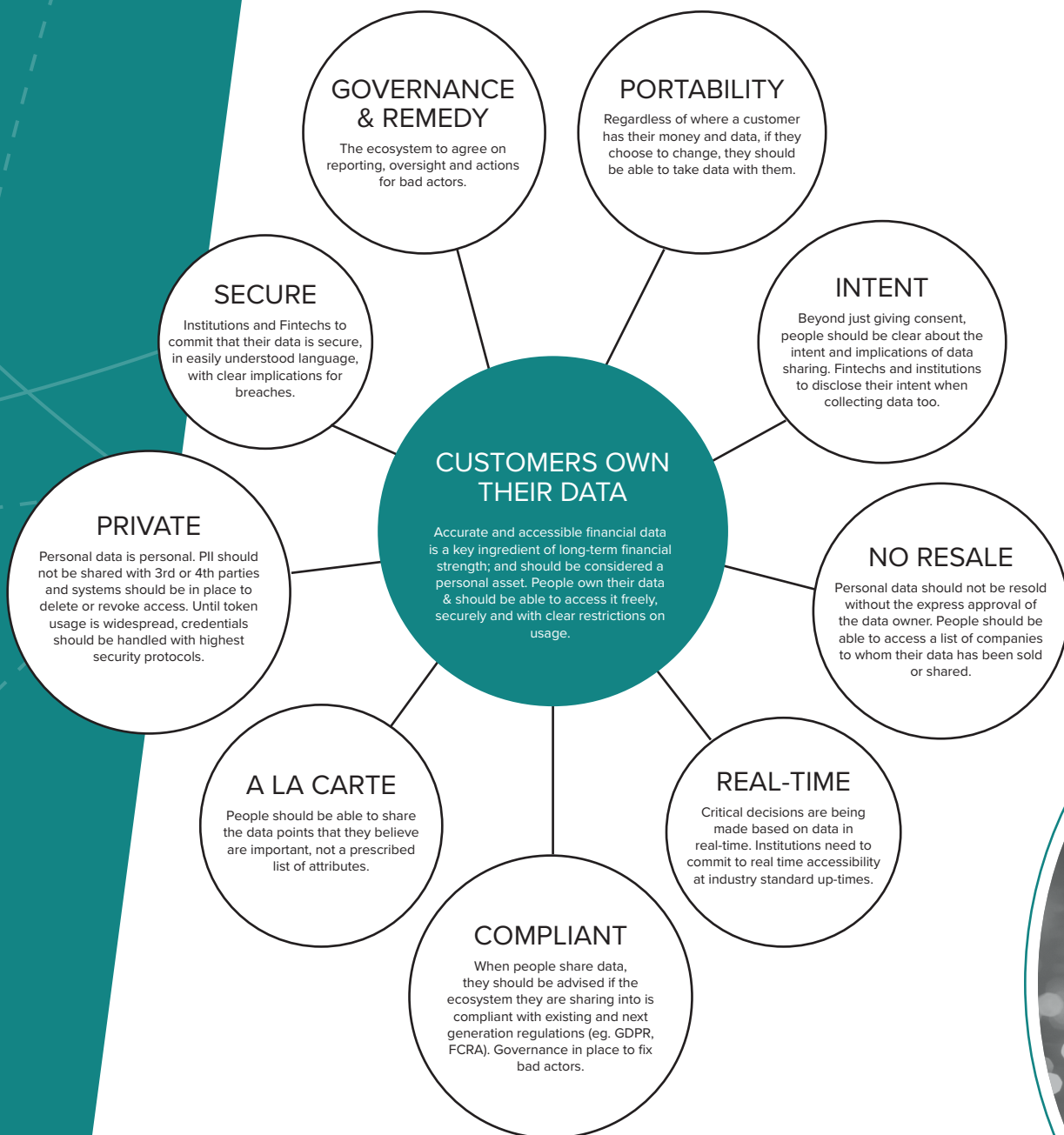
WHY?

MX PRINCIPLES OF DATA-DRIVEN INNOVATION

People currently share their data with a spectrum of providers with little consistency as to how their data is used, stored and shared. Open banking can increase the protection of data, while allowing people freedom to share it with applications or companies that offer products, services or price points they aren't getting elsewhere.

This ultimately can improve the financial strength of individuals, households, and in turn, the economy at large.

The goals of these principles are to address some of the issues in the data sharing ecosystem, and influence higher standards across the board to enable better outcomes for customers.



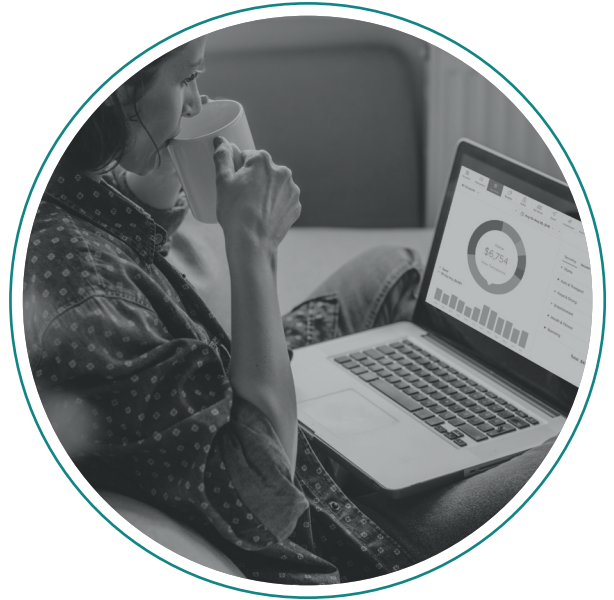
OPEN BANKING APPLICATIONS & USES

WHAT?

When customers are given access to data-driven innovation and tools that can help improve their financial lives, the financial institutions that enable them also benefit.

For people, open banking is a secure way to use financial products and services from third party apps and websites to enable them to:

- Compare accounts with a single view
- Link bank accounts to loyalty programs
- Make direct payments from bank accounts
- Permission payments through third parties
- Choose services from a wider competitive set
- Move money & make payments
- Manage money with a single view of all financial accounts in one location
- Speed up loan applications
- Take control over financial information
- Share data with accountants and advisors
- Access new products



For Financial Institutions, open banking means higher standards of privacy and security throughout the ecosystem, as well as the ability to:

- Augment current services with innovative new data-driven solutions
- Aggregate data to provide holistic views of customers financial lives
- Provide insight into 'held away' accounts
- Implement more unified approaches to digital identity management
- Allow customers more control over what information goes into the ecosystem
- Reduce data resale and data exhaust issues
- Enable a secure omni-channel customer experience



THE TECHNOLOGY THAT DRIVES OPEN BANKING

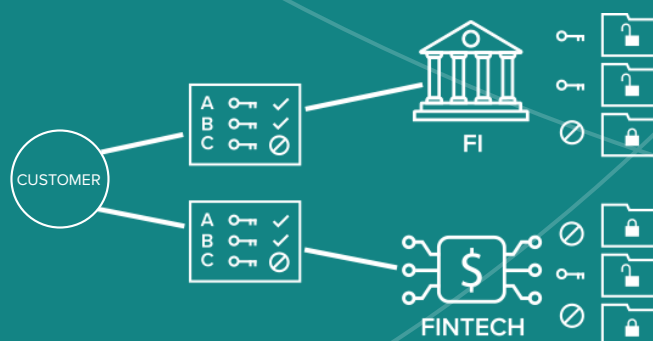
HOW?

With open banking, people will experience a new level of control over who can access their financial data. This data can only be shared with the customers explicit consent, access can be revoked at any time, and privacy must be respected. So what's the difference between how data is shared now and in the future?

Current Sharing & Privacy Standards



Open Banking Data Sharing & Privacy Standards



Many people are already using this data sharing technology when they use Facebook, Twitter or Amazon to log into third party apps.

Currently

When data is shared, the customer has little visibility into where their personal data has been shared or sold.

In the Future

Customers will be able to manage what data is shared with whom via tokens that act like keys. They can grant or revoke access at any time, with personally identifiable information not shared

Decoding Open Banking Acronyms

FI – Financial Institution

PII – Personally Identifiable Information

API – Application Protocol Interface

OFX – Open Financial Exchange

DDA – Durable Data API

FS-ISAC – Financial Services Information Sharing & Analysis Center

CCPA – California Consumer Privacy Act

GLBA – Gramm-Leach-Bliley Act

GDPR – General Data Protection Regulation (EU)

PSD2 – Payment Services Directive (EU)

GFIN – Global Financial Innovation Network

FDX – Financial Data Exchange (US Working Group)

FDATA – Financial Data and Technology Association (Global Working Group)

IDESG – Identity Ecosystem Steering Group

NIST – National Institute of Standards & Technology



EMPOWERING THE WORLD TO BE
FINANCIALLY STRONG