



CFPB Approved Application from Financial Data Exchange to Issue Standards for Open Banking



A much anticipated decision: today, on Wednesday January 8, 2025, the Consumer Financial Protection Bureau (CFPB) has recognized Financial Data Exchange, Inc. (FDX) as a standard-setting body under its Personal Financial Data Rights rule.

See announcement [here](#).

Why this is important? Simply because without an open, shared, and common standard enabling interoperability across the ecosystem, you don't truly have open banking or Section 1033.

Key Takeaways:

- **FDX Recognition:** FDX is the first organization to receive this recognition, enabling it to establish API standards that assist companies in complying with the CFPB's rule.
- **The approval comes with 'strings attached':**
 - **Ban on "pay-to-play" and other conflicts of interest:** The approval order ensures that FDX will develop standards to promote open banking without regard to sponsorships or other financial incentives to give certain market players secret information or any other advantage. FDX would need to ensure that the organization and its staff do not have any side arrangements that skew its financial incentives toward particular players in the industry.
 - **Mandatory reporting on market adoption:** The approval order would require FDX to report to the CFPB on market use of its consensus standards and/or maintain a publicly available resource where companies can disclose their use of standards as well as any certifications of adherence to standards, for the benefit of open banking participants, regulators, and the public.
 - **Transparency and availability of standards:** The approval order requires FDX to make freely available to the public any consensus standards that it adopts and maintains, subject to reasonable safeguards, and to ensure that non-members have the same access as members do. FDX must also make publicly available information about its standards development and issuance processes.
- **CFPB's Updated Procedures:** Alongside FDX's recognition, the CFPB has updated procedures for companies seeking special regulatory treatment, such as "no-action letters," to encourage innovation while ensuring consumer protection.

This development signifies a significant advancement in establishing standardized protocols for open banking, aiming to enhance consumer control over personal financial data and promote competition within the financial services industry.