

Testimony By
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Task Force on Financial Technology

Hearing Entitled
“Preserving the Right of Consumers to Access Personal Financial Data”

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I would like to thank Chairwoman Waters, Ranking Member McHenry, Chairman Lynch, Ranking Member Davidson, and the Fintech Task Force for the opportunity to speak with all of you today. My name is Steve Smith, the Co-founder and CEO of Finicity, a Mastercard company.

Finicity allows financial account holders - typically consumers and small and midsize businesses - to easily connect their accounts to a wide range of financial apps and services. This is often called data aggregation.

I've spent the past 30 years working within the technology industry. In that time, there has been remarkable technological innovation. From the Internet, to mobility, to cloud computing, we've experienced massive advancements impacting virtually every industry. One notable technology disruption has been the use of data and analytics. Large enterprises have leveraged powerful data and analytics tools to gain insights on business operations, improve efficiency, enhance customer experiences and much more. All of this has enabled significant cost reductions combined with enhanced revenue opportunities.

For too long, we as individuals, families and small and midsize businesses haven't reaped the same benefits of using our data. Why? The technology has been too expensive or the ability to collect and analyze our data has been exceptionally difficult or cumbersome.

This is where the advent of open banking or open finance, powered by data aggregation, is flipping the data experience to one that empowers consumers and small and midsize businesses with access, control, and the consented use of their data.

Open banking is enabling a wide range of financial products and services that are transforming how consumers manage their money, prepare their taxes, apply for loans, make real-time payments, and better understand and improve their credit. All of this is leading to more consumer choice and better experiences, along with increased financial literacy, financial inclusion and improved financial fitness.

Finicity has been at the center of many of these empowering experiences. For example, we've enabled consumers to contribute more data to their credit scores through Experian Boost and the UltraFICO score. These solutions use cash flow data explicitly permissioned by users, to help them build or improve credit and achieve their financial goals.

So with all of this positive movement, why am I here? This is a technological shift that is still very much in its early innings. As it emerges and matures federal policymakers will play a meaningful role in the direction and pace of this transformation by providing clarity on data protection expectations, data privacy requirements and consumer data rights.

Clearly, consumer data protection is a must throughout the data access and sharing process. Safeguarding the data is foundational to accelerating innovation, while protecting the consumers from data theft.

Equally, I believe we all agree that the privacy of personally identifiable information is important to further consumer empowerment. In many respects, data privacy is about consent. With clear and explicit consent, consumers will know where, how and for what purpose their data is being used, putting them in control enhances privacy. Data should not be shared across or among organizations without direct and transparent consent.

Finally, and I think most importantly, consumer data rights must start and end with an individual's ability to access, use and benefit from their data. This is the foundation of open banking. It is essential that consumers have reasonable access to all of their financial data in possession of the data holders in a format that they can permission for use to financial services and app providers of their choosing. It is critical to safeguard data rights, otherwise the great progress we have made so far will fade.

Data rights, privacy and protection are inextricably connected policy goals. Each deserving focus and critical thinking. Trade-offs may have to be made to balance competing objectives. Even adopting newer and better technologies can have unintended consequences by curtailing data access. We should bear in mind that those three goals are not equal - the consumer's right to their data must always be the priority.

We need a clear regulatory framework to protect and continue open banking in the U.S. That is why we are encouraged by the CFPB finally moving forward on a rulemaking under section 1033 of the Dodd Frank Act.

When we started Finicity, we started with one simple thought: data is at the heart of good decision making. It is incumbent upon all involved in this data sharing ecosystem, that consumers and small and midsize businesses are empowered with the data they need to make the best decisions for themselves, their families, and their organizations.

Thank you again for the opportunity to address the task force and answer any questions you may have.