



1033 Overview: California Bankers Association

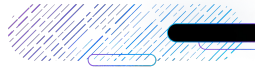
October 2024



Agenda

- Intent of the rule
- Key issues for the ecosystem
- Key changes in final rule
- Compliance timeline per asset size
- Implications for financial institutions, intermediaries, third parties, and consumers
- Third-party risk management — Current state
- Bilateral agreements vs. Reg. E and Reg. Z

Intent of the Rule



Section 1033 of the Dodd-Frank Act*

Lets consumers take action by giving them a right to access account information and authorize third parties acting on their behalf to access that information	Increase privacy and security, reduce fraud	Establish 'fair, open and inclusive' standards across the industry; clarify mechanics for data providers
Ensure 3rd parties are acting on behalf of consumers — 'reasonably necessary' use cases for data	Increase competition and consumer choice	Transition away from screen scraping

*Section 1033 of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides, among other things, that subject to rules prescribed by the Bureau of Consumer Financial Protection, a consumer financial services provider must make available to a consumer information in the control or possession of the provider concerning the consumer financial product or service that the consumer obtained from the provider.

Key Changes in Final Rule



Scope

Data providers above \$850M in assets must set up secure data sharing technologies (APIs)

Reg E and Reg Z accounts, digital wallets, payment initiation



Third Party Use of Data

Collection, use, and retention of covered data limited to what is reasonably necessary to provide requested product / service *and product/service improvements*, as well as to prevent fraud)

Separate consent required for research, targeted advertising, cross-selling of other products/services, or data sales



Third Party Obligations

Informed consent, record retention, and mechanism for consent revocation and deletion



Timelines for Compliance

Timing pushed out: first tranche April 2026 for largest data providers

Last tranche April 2030 for smallest

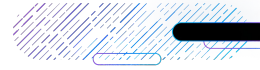
Compliance by Asset Size

Compliance Deadlines

Applicable Data Providers

- | | |
|----------------------------|---|
| April 1, 2026 | <ul style="list-style-type: none">• Depository institutions with at least \$250B in total assets• Nondepository institutions with at least \$10B in total receipts |
| April 1, 2027 | <ul style="list-style-type: none">• Depository institutions with at least \$10B in total assets but less than \$250B• Nondepository institutions that generate less than \$10B in total receipts |
| April 1, 2028 | <ul style="list-style-type: none">• Depository institutions with at least \$3B in total assets but less than \$10B |
| April 1, 2029 | <ul style="list-style-type: none">• Depository institutions with at least \$1.5B in total assets but less than \$3B |
| April 1, 2030 | <ul style="list-style-type: none">• Depository institutions that hold less than \$1.5B in total assets but more than \$850M |

All Ecosystem Participants Must Take Action



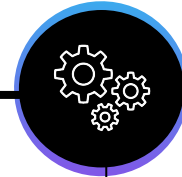
Data Providers

- Assess current data outflows
- Evaluate build vs. buy strategies
- Determine budget and resource needs
- Develop API
- Build Internal and consumer dashboards for monitoring and access control
- Negotiate contracts with key partners
- Build systems and processes for registering data recipients, tracking reauthentication to new connections, removing credentials, and ongoing reporting and monitoring



Data Recipients

- Evaluate policies and procedures to ensure data is accurately received and provided
- Appraise current systems for the collection, use, and retention of covered data using the GLBA Safeguards Framework or FTC Safeguards Rule
- Determine how to clearly communicate and provide accessible information regarding the collection and use of the consumer data
- Decide how consumers can easily revoke access to their data
- Negotiate contracts with key partners



Data Intermediaries

- Register all data recipients on data provider access platforms
- Evaluate policies and procedures to ensure data is accurately received and provided
- Review Third-Party Risk Management requirements from data providers
- Appraise current systems for the collection, use, and retention of covered data using the GLBA Safeguards Framework or FTC Safeguards Rule

Third-Party Risk Management

- **Third Party Disclosure** (§ 1033.411 Authorization disclosure)
 - Third party name
 - Data provider name
 - Description of the product or service
 - Categories of covered data that will be accessed
 - Data Security (GLBA safeguard rules)
 - Revocation process
- **Third Party Obligations** (§ 1033.421 Third Party Obligations)
 - Notify all parties of consumer revocation
 - Cease data collection
 - Cease use or retention of covered data that was previously collected (*reasonable use)
 - Retain compliance records for NLT 3 years.
- **Aggregator Obligations** (§ 1033.431 use of Data Aggregator)
 - Validate or obtain consumer consent
 - Certify separately to a consumer compliance with Third Party disclosure and use requirements
- **Multi-agency RFI for Standards Setting Body**

Bilateral Agreements vs. Reg E / Reg Z

- Bilateral agreements in place that cover approx. 100 million accounts being shared
 - Contain liability, security and insurance obligations
- 1033 rulemaking does not mandate a comprehensive approach to assigning liability among commercial entities or safe harbors (for data providers) from the requirements of EFTA and Reg. E or TILA and Reg. Z







What a Bank Sees

MX






Support ▼ J ▼

 Epic Bank 

CUSTOMER ANALYTICS

-  Overview
-  Portfolio performance ▼
-  Digital engagement ▼
-  Competitive insights ▼
-  Growth opportunities ▼
-  Customer segments ▼

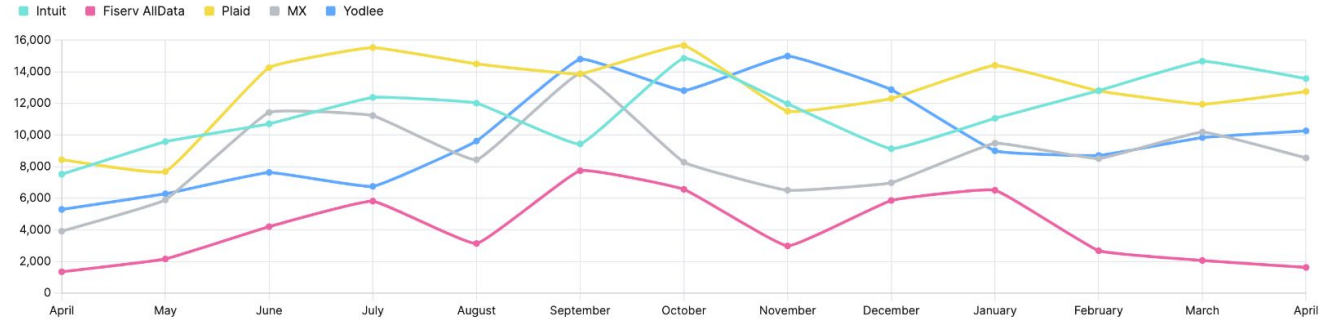
DATA ACCESS

-  Overview
-  API Documentation
-  Intermediaries
-  All apps
-  Configuration

EVENTS

-  Logs

Requests by intermediary ⓘ



Requests per app ⓘ



What a Consumer Sees

Manage connected apps

These apps have access to some of your Epic Bank data and accounts.

21 apps with access

 MoneyDesktop >

 Robinhood >

 Venmo >


 US Bank >

 YNAB (You Need A Budget) >

 The Points Guy >

 Quicken >

 QuickBooks >

 Personal Capital >

 Private and secure



Manage connected accounts



You're sharing your Epic Bank data with Robinhood

Share data from these accounts:

Gymnastics Cash ...1108

Ice Hockey Account ...0743

Lacrosse Acct ...6425

Dodgeball Cash ...4363

You started sharing on
Aug. 21, 2022 at 2:05 PM MDT

Last accessed on
Aug. 21, 2022 at 2:06 PM MDT

Remove all access >
Stop sharing your data with Robinhood

 Private and secure