



CFPB Releases Long-Awaited Final Rule Regarding Open Banking (Section 1033)

On October 22nd, the Consumer Financial Protection Bureau (CFPB) released a rule mandated over 10 years ago but proposed by the Bureau 10 months ago to implement how consumers own and control their financial data. [Read the CFPB's Executive Summary of the Rule »](#)

CBAI has advocated throughout the rulemaking process, and while the rule remains flawed in many ways, we are pleased to learn that several of our recommendations were incorporated in the 594-page final rule.

While we recommended a \$10 billion and under-asset exemption for community banks the Bureau did increase the proposed exemption to \$850 million, which is a widely recognized size standard for the SBA. **The increase in the asset exemption now covers 93% of CBAI members.**

CBAI recommended extending the implementation timeline for those community banks that would be subject to the rule. The Bureau responded by pushing back the implementation dates such that CBAI members with more than \$3 billion in assets but less than \$10 billion must comply with the rule by April 1, 2028 (Third Tier), members with at least \$1.5 billion but less than \$3 billion must comply by April 1, 2029 (Fourth Tier), and members that hold less than \$1.5 billion but more than \$850 million must comply by April 1, 2030 (Final Tier).

The Bureau ignored CBAI's call to allow banks to be able to charge for this data-sharing service. In CBAI's comment letter to the Bureau on December 23, 2023, we stated:

It is illogical and unsustainable for a service provider to not charge for their legitimate and valuable services. CBAI opposes the CFPB's prohibition of charging for customer data sharing. It is not the role of the CFPB to propose such a prohibition and make this valuable asset available to other data users and aggregators for the benefit of others' profitmaking ventures - albeit with tangential benefits to consumers.

[Read CBAI's Comment Letter to the CFPB »](#)

Liability for breached or misused customer financial experience data remains an enormous concern. CBAI's advocacy for protecting community banks and their customers from harm was highlighted in an October 4th American Banker article.

"What happens once customer data is out of the secure and careful control of highly regulated community banks and gets into the hands of businesses that are anxious to use that data is an unanswered question," said Schroeder. "Many of these businesses are unlikely to secure that data to the very high standards that community banks are held to by their regulators."

"If a business did not secure the data properly, even if they are found to be liable, will those companies be able to fully compensate for the harm they will cause consumers and their community banks?" Schroeder asked.

The final rule becomes effective 60 days after it is published in the Federal Register. CBAI will continue to monitor the implementation of the CFPB's section 1033 rule.

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