

The CFPB's Section 1033 Rule Facilitates Innovation and Competition

Background

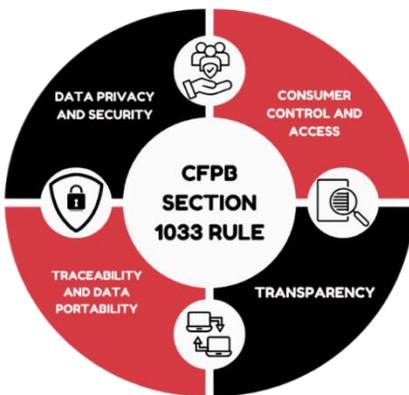
The Consumer Financial Protection Bureau's ("CFPB") rule implementing Section 1033 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), finalized on October 22, 2024,¹ represented an important milestone in the delivery of an innovative, competitive, consumer-centric financial services ecosystem. The rulemaking, which establishes the foundations of an open banking framework in the United States and has been advanced by both Republican and Democratic CFPB directors, creates a competitive market in which individuals can grant safe, secure access to their financial data, unlocking greater competition and innovation in the financial marketplace. The rule ensures that no financial institution can unreasonably restrict a consumer's access to a third-party provider that meets or exceeds minimum security and governance thresholds, thereby fostering a more dynamic and competitive financial ecosystem.

The rights and protections afforded under the CFPB's rule will protect consumers' ability to safely use personal financial management applications, payment platforms, investing tools, and a scores of financial technology products and services.



An Important Opportunity for Innovation and Growth

The CFPB's 2024 rule applies only to checking and savings accounts, digital wallets, and credit card accounts; however, the agency indicated that it intended to expand the framework to additional accounts over time. The Trump Treasury Department expressed its support for a Section 1033 rulemaking in 2018, underscoring that expanding access to financial data could reduce consumer costs, improve access to credit, and increase financial transparency while fostering a safer and more efficient ecosystem. With these benefits in mind, the Trump administration called for a more expansive open finance ecosystem, encouraging other financial regulators, including the Securities and Exchange Commission and the Department of Labor, to advance their own versions of consumer data right rulemakings.²



To safeguard and empower consumers, and to provide a more competitive, vibrant financial system, the Trump administration should protect the CFPB's Section 1033 rulemaking and seek to expand its framework to additional accounts, including public benefits, investment and retirement accounts, student loan accounts, and more.

The benefits of open finance are far-reaching. For consumers and small businesses, it means more choices, better pricing, and improved access to financial services, especially for those traditionally underserved by the financial system. For financial institutions, it provides transparency into third-party activities, significantly greater protection against fraud, and the opportunity to innovate and compete on a level playing field.

To deliver a consumer-centric, 21st century financial system, the Trump administration should protect and expand the framework launched by the CFPB last year.

¹ See [Required Rulemaking on Personal Financial Data Rights](#), October 22, 2024.

² See "[A Financial System That Creates Economic Opportunities, Nonbank Financials, Fintech, and Innovation](#)," July 2018.