



CX24

AUTHENTIC ROOTS. AMBITIOUS PURSUITS.

CSI

EXPLORING THE IMPACT OF RULE 1033

DATA RIGHTS IN

THE DIGITAL ERA



With 15 years of compliance experience and extensive knowledge in the highly regulated financial industry, Bradley holds his CRCM, a B.S. in Business Administration & Accounting and an MBA, as well as a Master of Studies in Law for Financial Services Regulatory Compliance.

BRADLEY WALLACE, CRCM
Compliance Director, CSI



With more than 25 years in business and product management, Shanda currently leads CSI's Open Banking strategy. The focus of the Open Banking team is to deliver the best integration experience for banks and vendors, as well as empower to them to expand into BaaS and PaaS markets.

SHANDA PURCELL
Senior Director – Product
Management, CSI

AGENDA

01 – Introduction & Background

02 – Proposed Rule

03 – CSI's Open Banking Initiative

04 – Q&A

INTRODUCTION & BACKGROUND

INTRODUCTION

The proposed rule requires depository and non-depository entities:

- Make available to consumers and authorized third parties certain data relating to consumers' transactions and accounts
- Establish obligations for third parties accessing a consumer's data, including important privacy protections for that data
- Provide basic standards for data access
- Promote fair, open and inclusive industry standards

www.consumerfinance.gov/rules-policy/rules-under-development/requiredrulemaking-on-personal-financial-data-rights/



BACKGROUND

2010

Introduced as part of the Consumer Protection Act.

Main Goal

To open and decentralize a system that will allow consumers to share personal financial data across institutions.
“Open Banking”

10/19/2023

Proposed rules sent for comment.

Concept

Open Banking concept originated in early 2000s with risky “screen scraping practices.”

12/29/2023

Comments due and final rules expected fall 2024.

Access

CFPB estimates that to date 100 million consumers have authorized third parties to access their data.

PROPOSED RULE

PROPOSED RULE

Data Access
Framework

Secure

Competitive

1

2

3

4

5

Safe

Reliable

PROPOSED RULE

SUBPART A



PROPOSED RULE

SUBPART A

“Data Providers”



Card Issuers



Financial
Institutions



Others

Others controlling information on covered products/services

PROPOSED RULE

SUBPART A

Compliance Dates will be staggered based on asset size of the institutions. They will range from six months – four years from the date of the final rule publication.



PROPOSED RULE

SUBPART B

Data Providers must make “covered” data available to consumers & third parties. **Must be in electronic form that is usable by consumers & third parties.**

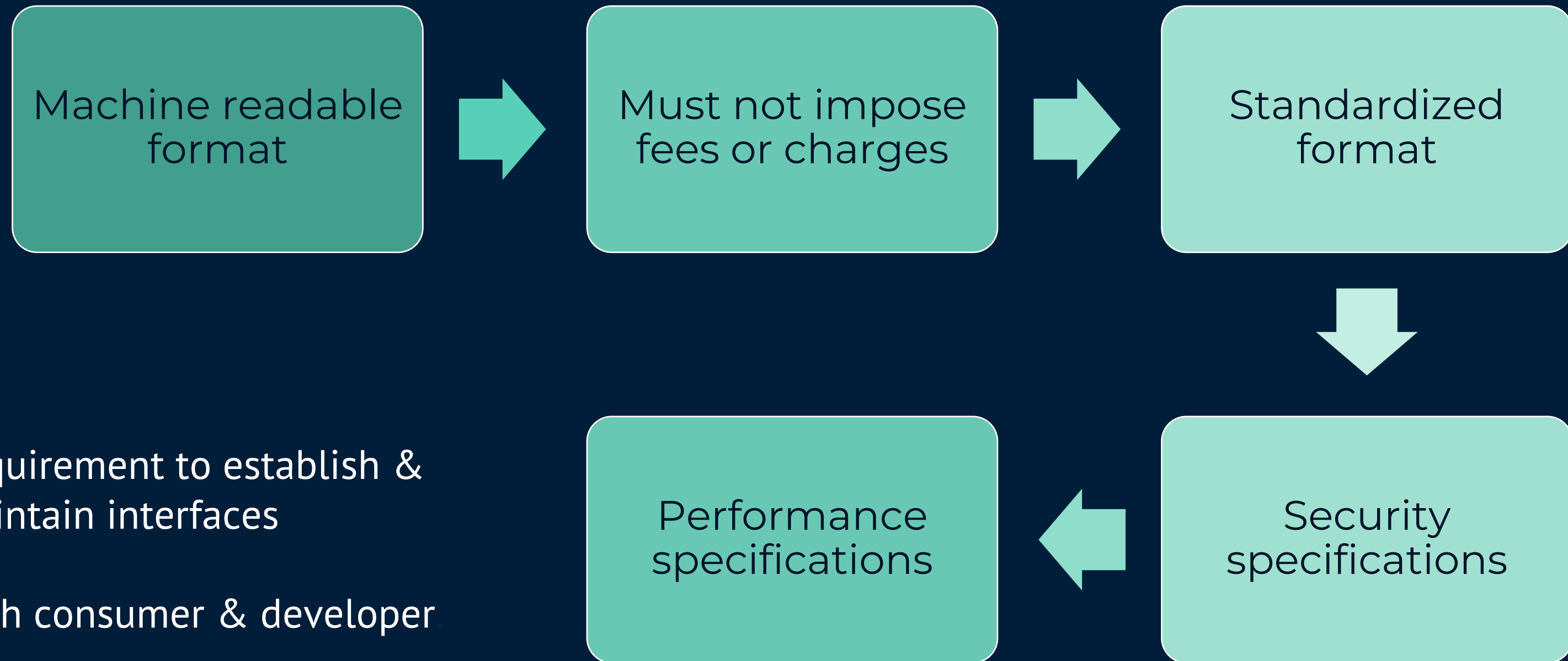
Data must be the most current in the provider’s possession, **including authorized but not yet settled debit card transactions.**

What is covered?

- Transaction information including historical data **(at least 24 months)**, account balances, terms & conditions, upcoming bill information, basic account verification info (name, address, email, etc.)
- **Excludes:** confidential commercial information, algorithms, **information used to prevent fraud or money laundering or other crimes**, information that is required confidential under other laws, as well as other info that the provider cannot retrieve in the ordinary course of business.

PROPOSED RULE

SUBPART C



Requirement to establish & maintain interfaces
Both consumer & developer

PROPOSED RULE

SUBPART D

Obligations of third parties that would access covered data on behalf of a consumer.

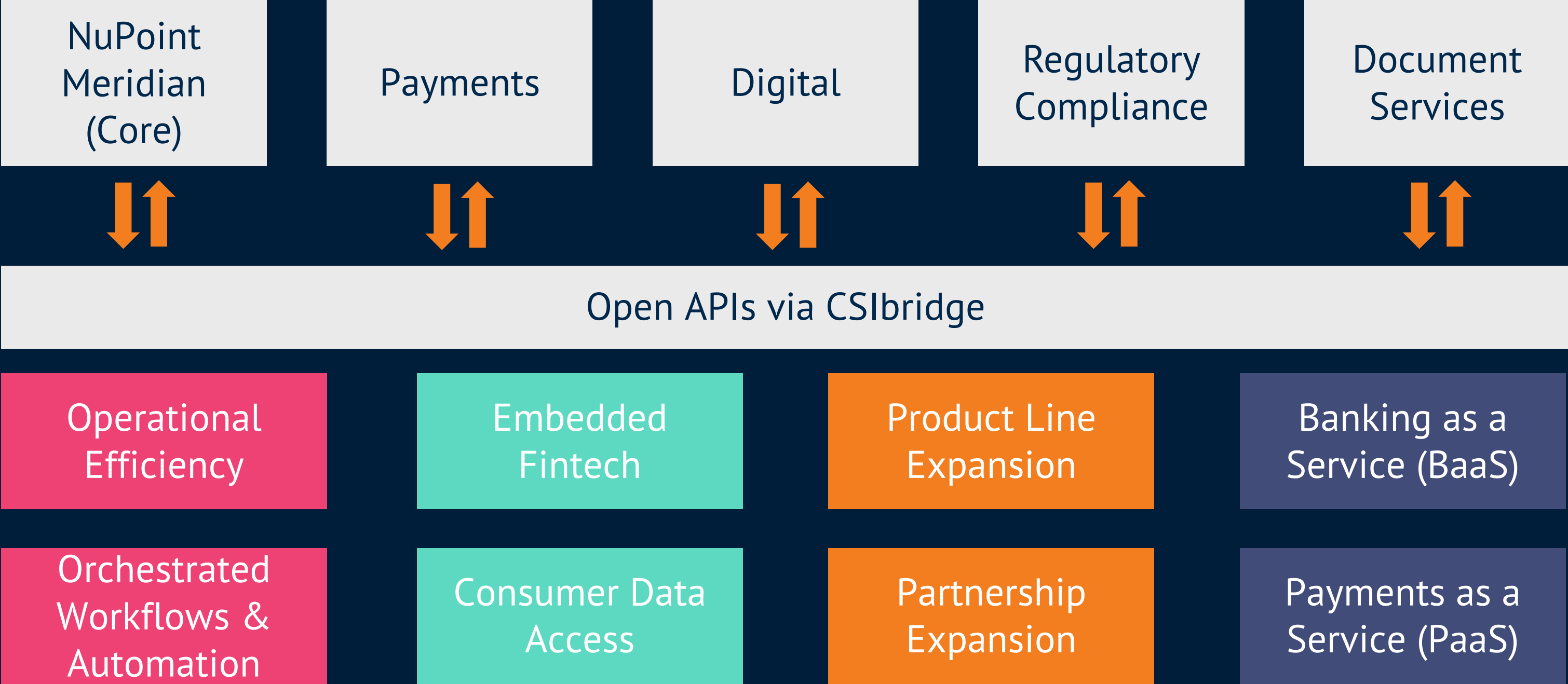
- Third party access proposals would require third parties to:
 - provide an authorization disclosure to inform the consumer of key terms of access (electronically or in writing)
 - obtain the consumers' informed consent to the key terms of access in the authorization disclosure
 - certify to the consumers that they will abide by certain obligations:
 - limit collection, use and retention of consumer data to what is reasonably necessary
 - advertising, cross-selling, sale of data, etc. are not "necessary"
- Third parties must also develop policies and procedures and adhere to security guidelines.

CSI'S OPEN BANKING INITIATIVE

What is Open Banking?

CSI OPEN BANKING

SOLUTIONS POWERED BY OPEN APIS



CSI OPEN BANKING

OPEN BANKING - TERMINOLOGY

API

Application Programming Interface - Software code that facilitates communication between two applications, as if two companies/systems can “talk” (exchange data)

Identity

How we control authorization & authentication

CSIbridge

CSI product which allows a bank or vendor to utilize CSI’s API

BaaS

Banking as a Service - A partnership model in which a financial institution leverages its bank charter to enable non-bank financial service companies (or fintechs) to offer banking services directly to customers

APIM

API Management - The way to publish and provide access to our APIs, share documentation, control usage and support collaboration between teams



CSI OPEN BANKING

OPEN BANKING – HOW IT WORKS



CSI's Open Banking Strategy

CSI OPEN BANKING

Open Banking Strategy – Ensuring Future Readiness

Integration Process

- Support inquiries requested through Customer Portal
- Focus on self service

Identity

- Continued updates to consent and privacy management
- Researching options

Increased Revenue & Operational Efficiency



Open Data

- Researching options

Banking as a Service

- API focus
- Migration to modern
- Component based applications
- Partnership expansion
- Tools to enable embedded integrations

CSI OPEN BANKING

OPEN BANKING STRATEGY – TOPICS OF INTEREST IN THE INDUSTRY

- Continued increase in fintech partnerships
- Driving customer experience through embedded fintech
- CFPB guidance on consumer data consent
- Regulatory guidance for sponsor banks participating in BaaS partnerships
- Market expansion & risk mitigation

CSI **API** Stats & Updates

CSI OPEN BANKING

CSI API STATS & USE CASES

2021



+1M API calls a month
+150 third-party integrations live



Roughly 20% of CSI's customer base leveraging APIs

2022



+18M API calls a month
+300 third-party integrations live



Roughly 40% of CSI's Core customer base leveraging APIs for a third-party integration

2023
(to date)



+23M API calls a month
+350 third-party integrations live



Roughly 50% of CSI's Core customer base leveraging APIs for a third-party integration

CSI OPEN BANKING

CSI API STATS & USE CASES

3 Account Opening Platforms:

- Mantl
- Bank developed with a contracted development group

Avg at 360K API calls monthly

Multiple:

- LOS
 - Finastra
 - Hawthorn
 - Encompass
- Document Imaging
 - Teslar

Avg at 1.2M API calls monthly

Multiple:

- LOS
 - Hawthorn – Implementing
 - Integra
- Loan Payments
 - LenderPay
- ITM
 - Hyosung

Avg at 20K API calls monthly

The Role of Compliance in Open Banking

CSI OPEN BANKING

HOW CAN BANKS QUALIFY A VENDOR?

Standard due diligence

Audit procedures should follow your FI's policies

Security, audit & reporting

Verify to ensure use of secure methods to access and store FI data, especially consumer related

01

Discover through qualified sources

Ensure you are looking for vendors and applications from reputable industry sources

02

03

Adequate testing phase

A testing phase where you ensure how your FI's data is accessed and used through their apps

04

CSI OPEN BANKING

WHERE TO FIND TRENDS & UPDATES

- CSI – www.csiweb.com or follow us on your favorite social media platform
- Bankers Helping Bankers – bankershelpingbankers.com & LinkedIn
- Cornerstone Advisors – crnrstone.com & LinkedIn
- Consumer Financial Protection Bureau (CFPB) – www.consumerfinance.gov
- Directly from your regulatory organization and auditors / examiners

QUESTIONS?



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THANK YOU!



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