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# The Privacy of Consumer Banking Data and the Financial Data Exchange

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As cyber threats and global regulations continue to intensify, the privacy and protection of consumer banking data remains a high priority of the financial services industry. To protect their data and users, some of the largest financial institutions, financial technology firms and related industry groups formed the Financial Data Exchange (FDX) in October 2018.

The FDX is a nonprofit industry consortium and subsidiary of the Financial Services Information Sharing and Analysis Center, and was established to unify the financial industry around a common, interoperable standard for the secure exchange of financial data. The FDX is the most comprehensive industry standard, designed to address the challenges of consumer-permissioned data sharing through their custom application-programming interface (API): the FDX API. The FDX API facilitates the secure exchange of information and accelerates innovation while also giving consumers greater control of their data through the establishment of the following:

- Standards for financial data sharing
- Standards for secure authentication
- A certification program and standards
- User personas and use cases for financial data sharing
- Consumer authentication, consent and permission models

When consumers maintain multiple financial accounts, they require ongoing access and protection of their financial data. With the FDX API, consumers benefit from an accelerated application process and reduced risk due to the controls built into the data aggregation process.

APIs have been used for years; however, advanced data analytics combined with innovative technologies provide the ability to transfer data in a more secure and seamless manner. Nonetheless, regardless of the apparently seamless transfer of data, transparency is critical. Consumers need to know what data is being shared with whom, for what purposes and for what amount of time.

In the event you have questions related to data privacy, please contact us at Schneider Downs & Co., Inc. <https://www.schneiderdowns.com/>

In the event you want to learn more about the Financial Data Exchange, please visit

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