

BYALLACCOUNTS®

5 Key Answers:

The Impact of Open Banking and
Consumer Permissioned Financial Data
in the Wealth Management Space

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Introduction

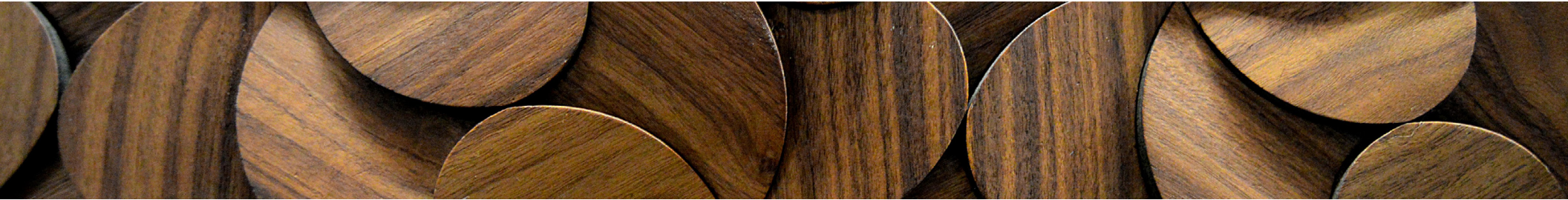
The basic principle of open banking and open finance is simple enough: choice. Open banking enables consumers to engage with their choice of financial service providers, exercise greater control, and have more transparency over the use of their financial data. Open banking enables consumers to share their financial account data with their third-party advisors, regardless of the financial institution that holds it.

Upon approval, account holder data is retrieved via application programming interface (API) connections on an ongoing basis, bypassing disruptions caused by broken connections and changed or one-time passwords. For investors, open banking offers a secure and transparent means of sharing their data. For advisors, the connection provides uninterrupted access to critical information they need to provide advice and perform back-office processes like performance reporting.

This e-book outlines an interview between Katy Gibson, Head of Product for Morningstar ByAllAccounts and FDATA North America. The Financial Data and Technology Association of North America aggressively advocates for the rights of consumers and small businesses to have full utility of their financial data under a well-regulated and evenly applied open banking regime. In this interview, Gibson answers five key questions to explain how access to consumer-permissioned financial data is critical for the investment and wealth management sectors.

How does Morningstar® ByAllAccounts® support consumer-permissioned access to financial data?





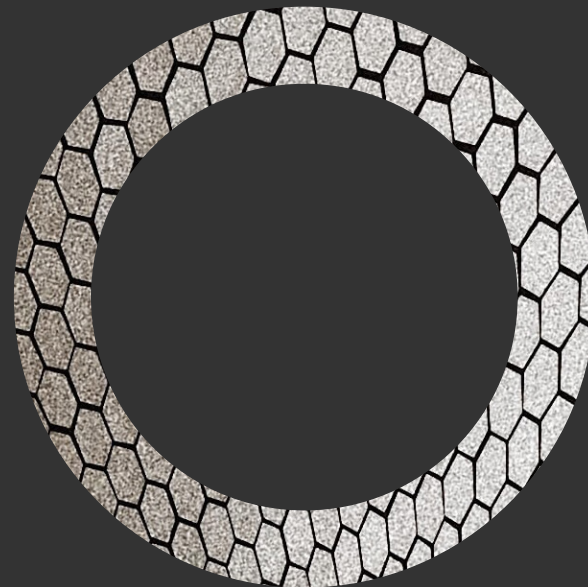
For the past 20-plus years, Morningstar ByAllAccounts has provided data aggregation services to investors and the investment professionals who serve them. This permissioned data powers complex investment use cases such as:

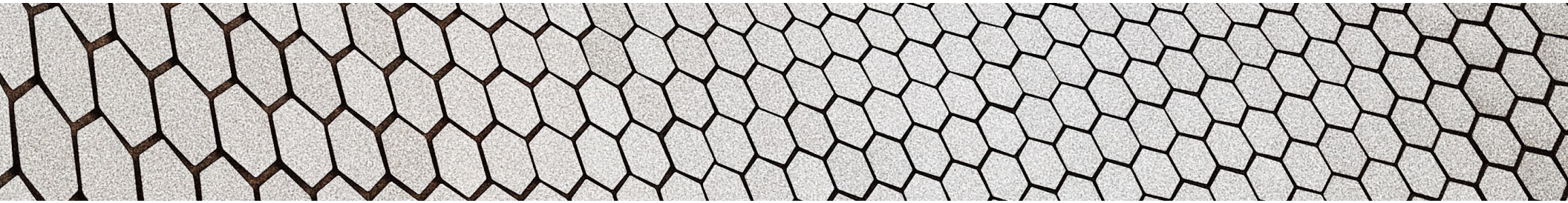
- Performance reporting
- Portfolio analytics
- Portfolio rebalancing
- Financial planning
- Financial wellness
- Trade compliance management

As the financial data aggregator of choice to some of the top wealth management firms in the United States, reliable and secure access to permissioned financial data is critical to our business and the success of our clients.

Accuracy and completeness of this data set is mission critical to our customers to maximize their opportunities to provide positive financial outcomes for their clients and reduce the risk of negative outcomes due to errors or gaps in data.

How does permissioned financial data access improve product options for consumers?





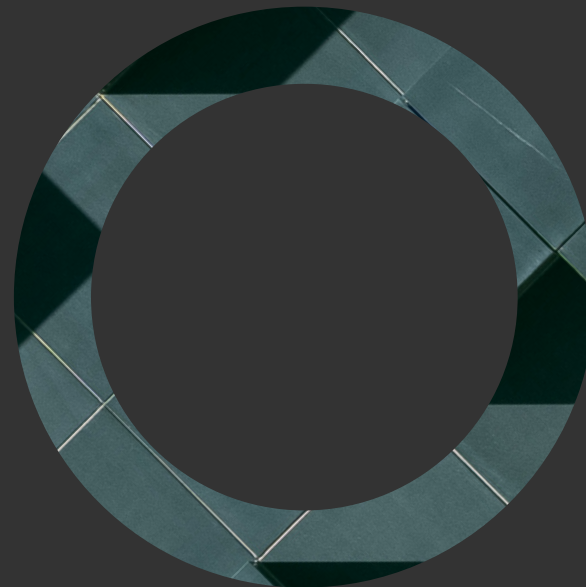
In the investment space, consumer-permissioned data access gives advisors the ability to provide holistic advice and financial planning guidance on the entirety of their client's portfolio — not just what's under their management.

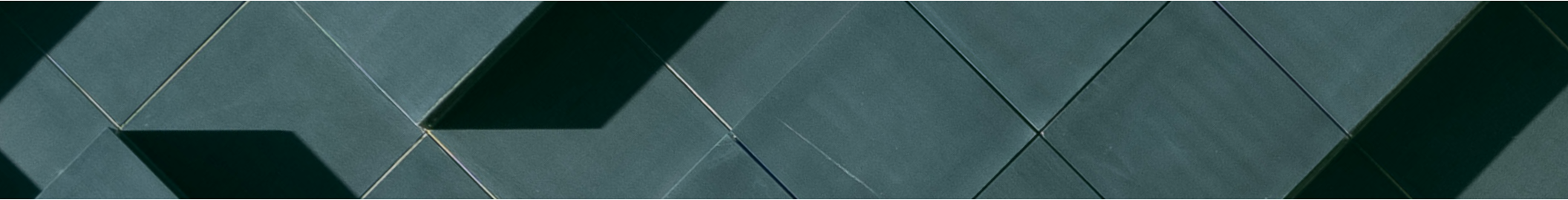
This 360-degree view of their clients' financial positions and behaviors, including their earning, spending, and borrowing, empowers the advisor to deliver highly personalized options for each client, not just bucketing the client into profiles or personas.

Such data sharing also allows financial institutions and fintechs to collaborate and compete on a level playing field on the merits of their services.

With this access, the consumers also get financial data portability, so they can choose solutions and providers that meet their specific needs instead of being tethered to the institutions that hold their money.

How will consumer-directed finances enhance economic inclusion?



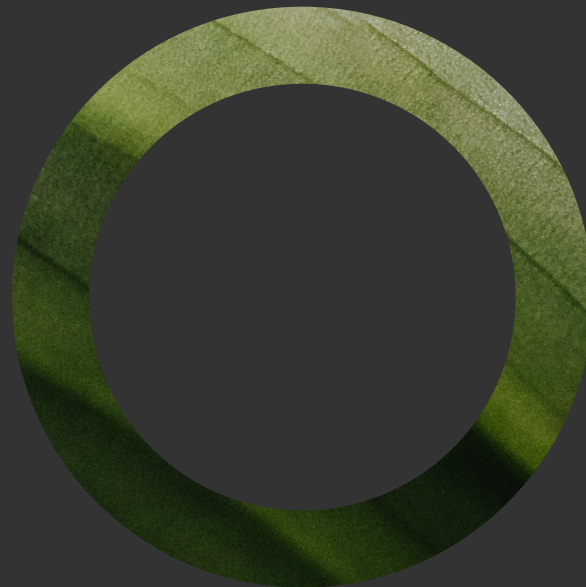


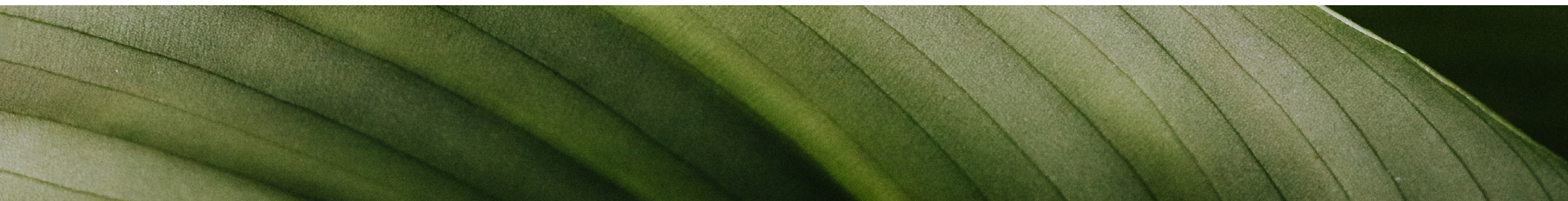
The financial industry is at the cusp of creating an open-data ecosystem for finance, where banks and fintech firms collaborate and compete to provide consumers better financial experiences tailored to each consumer's specific needs and circumstances.

Access to consumer-permissioned financial data is powering this innovation by connecting and enabling movement of financial data throughout the ecosystem. It's key to lowering the barriers of entry for innovative fintech start-ups. It fuels many fintech and wealth tech applications that have revolutionized the way we invest and manage our money. And the competition and innovation have, in turn, led to fee compression.

This is all a win-win for consumers and their advisors.

How is Morningstar ByAllAccounts involved in the promotion of open finance to the public and/or policymakers?





Morningstar ByAllAccounts plays a relatively unique role in the open finance space, with advisors, and the firms that support them. They're a big constituency for us, and that's where we've focused our advocacy and education efforts.

While advisors want access to uninterrupted, consumer-permissioned data, they also want to make sure that they can use the data for all their applicable use cases. They want to make sure that we're able to pull in all the applicable data elements.

Many of the smaller firms balk at the thought of additional audits, security, and privacy protocols.

But we've acted in the best interest of our advisor customers and the banks we are signing agreements with to make sure we advocate for the needs of advisors and investors. We're well positioned to do this based on our years of experience in the industry, and we plan to continue doing this work and bringing more focused resources to it.

Why must policymakers act now?





The U.S. financial industry is highly fragmented. Signing bilateral agreements is time-consuming and inefficient for both financial institutions and vendors like us and does not improve the levels of customer access or protection in any meaningful way. We believe that policy makers need to act now because risk-based and harmonized policies that apply across the board will help streamline the process and accelerate the pace of innovation and growth within the financial services ecosystem.

About Morningstar ByAllAccounts

As an investment-first financial data aggregator, Morningstar ByAllAccounts unlocks highly enriched investment data that empowers holistic portfolio management, exceptional client experiences, and leading-edge product innovations, so advisors and investors can discover new opportunities to optimize wealth.

ByAllAccounts delivers the most comprehensive data from more than 15,000 sources—including cash, investments, credit, loans, and mortgages—for visibility into investors' holdings, transactions, spending habits, and cash flow. Our differentiated long-tail approach includes an industry-leading number of retirement plan providers and 401(k) recordkeeper sources. Using a unique combination of proprietary tools—including artificial intelligence, natural language recognition, predictive analytics, and specialized algorithms—ByAllAccounts normalizes and enriches data for actionable investment insights.

Participating in the open banking ecosystem is a high priority for ByAllAccounts to support its ongoing partnership with the wealth management industry.

To learn more, download the white paper:

[Open Banking for Wealth Management in the United States](#)

Or visit:

morningstar.com/products/byallaccounts/open-banking