

America's Open Banking Renaissance:

An Economic Analysis of the Effects of Bank Access Fees

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I. Introduction

The U.S. financial services industry has recently experienced an open banking renaissance under which bank customers and their authorized service providers access customers' accounts data without paying a fee. This has been a period of progress and innovation in a broad range of financial services, including payment systems, lending, decentralized finance and crypto, financial analysis, consumer credit, and artificial intelligence ("AI") financial advisory services. These new services offer consumers greater convenience, flexibility, and control over their finances at a low cost.² New services have succeeded in reaching businesses and consumers who in the past were unable to obtain credit from banks.³ Economic research suggests that open banking is expanding the availability of credit for small businesses.⁴ Open banking has also produced new competition, disrupting the status quo and forcing traditional financial institutions to improve their services.⁵

However, recent U.S. regulatory and market developments imperil this renaissance by potentially allowing banks to charge fees for accessing customers' accounts data ("access

¹ The author acknowledges support from the Financial Technology Association ("FTA"), which commissioned this report to provide an independent expert assessment of the economic effects of open banking access fees to inform policy dialogue. The report's conclusions are the author's own.

² See Cheryl R. Cooper, Andrew P. Scott & Paul Tierno, *Consumer Finance and Financial Technology (Fintech)*, CONG. RSCH. SERV., R47475 (Mar. 15, 2023), <https://crsreports.congress.gov/product/pdf/R/R47475>; U.S. DEP'T OF THE TREASURY, *A Financial System That Creates Economic Opportunities: Nonbank Financials, Fintech, and Innovation* (July 2018), <https://home.treasury.gov/system/files/136/A-Financial-System-that-Creates-Economic-Opportunities---Nonbank-Financi....pdf>.

³ See Daniel R. Stroebe & Theresa Kuchler, *Which Lenders Had the Highest Minority Share Among Their Paycheck Protection Program (PPP) Loans?* (Dec. 10, 2020), https://pages.stern.nyu.edu/~jstroebe/PDF/HKS_PPP_Minority.pdf and Statement of Kimberly Harbin, in Hearing on "Oversight of the Consumer Financial Protection Bureau," Before the H. Comm. on Fin. Servs., 118th Cong. (July 12, 2024), <https://docs.house.gov/meetings/BA/BA20/20240712/117514/HHRG-118-BA20-Wstate-HarbinK-20240712.pdf>.

⁴ See Tania Babina et. al. *Customer Aata Access and Fintech Entry: Early Evidence from Open Banking*, J. FIN. ECON. 169 (2025), <https://www.sciencedirect.com/science/article/pii/S0304405X24001739> and Rachel J. Nam, *Open Banking and Customer Data Sharing: Implications for Fintech Borrowers* (Oct. 16, 2023), <https://ssrn.com/abstract=4278803>.

⁵ See Kate Rooney, *Jamie Dimon Says JPMorgan Chase Should "Absolutely Be Scared S---less" About Fintech Threat*, CNBC (Jan. 15, 2021), <https://www.cnbc.com/2021/01/15/jamie-dimon-says-jpmorgan-chase-should-absolutely-be-scared-s-less-about-fintech-threat.html>.

fees”). These fees would diminish the economic benefits of open banking. **Access fees would impede financial transactions, inhibit the flow of information, chill financial services innovation, reduce competition, and likely make financial services a less potent instrument for accelerating economic growth.**

An open banking paradigm enables bank customers to authorize third parties to access the customers’ accounts data for the purpose of providing financial services. Safeguarding data and protecting consumers’ privacy are also essential elements of open banking. While financial institutions can adopt open banking policies on their own, regulatory mandates by governments across the world have accelerated the adoption of open banking. At least 80 countries have taken steps to promote open banking, with at least 49 having adopted formal policies.⁶ In countries that have adopted open banking policies, third parties typically do not pay access fees.⁷

The U.S. open banking mandate comes from section 1033 of the Consumer Financial Protection Act of 2010 (“Section 1033”).⁸ Section 1033 requires banks and financial institutions to provide customers and authorized third parties with access to their accounts data (accounts data of the authorizing customer in the case of third parties). In November 2020, the Consumer Financial Protection Bureau (“CFPB”) began Section 1033 rulemaking to implement the personal financial data rights and obligations for accessing consumers’ accounts data.⁹ In October 2024, the CFPB issued a final rule under which banks and financial institutions must provide access to customer accounts data through standard application programming interfaces (“APIs”) without charging access fees.¹⁰ The Bank Policy Institute, a trade group representing large banks, sued to enjoin this rule. In July 2025, the U.S. District Court for the Eastern District of Kentucky granted the CFPB’s motion to stay this litigation in light of the agency’s intent to modify the rule.¹¹ In the same month, J.P. Morgan Chase notified financial data aggregators that it would begin charging

⁶ Babina *et. al.*, *supra* note 4.

⁷ See Directive 2015/2366, of the European Parliament and of the Council of 25 November 2015 on Payment Services in the Internal Market (PSD2), 2015 O.J. (L 337) 35; Retail Banking Market Investigation Order 2017, Competition & Markets Authority, U.K.; Treasury Laws Amendment (Consumer Data Right) Act 2019 (Austl.); MONETARY AUTH. OF SING., *Finance-as-a-Service API Playbook* (2016); and HONG KONG MONETARY AUTH., *Open API Framework for the Hong Kong Banking Sector* (2018).

⁸ The Consumer Financial Protection Act (“CFPA”) is title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, 124 Stat. 1376, 2008 (2010).

⁹ Required Rulemaking on Personal Financial Data Rights, 88 Fed. Reg. 74,796 (proposed Oct. 31, 2023) (to be codified at 12 C.F.R. pts. 1001 & 1033), <https://www.federalregister.gov/documents/2023/10/31/2023-23576/required-rulemaking-on-personal-financial-data-rights>.

¹⁰ Required Rulemaking on Personal Financial Data Rights, 12 C.F.R. pts. 1001 & 1033 (2024) (final rule), <https://www.consumerfinance.gov/rules-policy/final-rules/required-rulemaking-on-personal-financial-data-rights/>.

¹¹ Order Granting Stay Request, *Forcht Bank, N.A. v. Consumer Financial Protection Bureau*, No. 5:24-304-DCR (E.D. Ky. [Lexington Div.] Jul. 2025).

significant access fees.¹² In August 2025, the CFPB initiated new rulemaking to modify elements of the Section 1033 rule that the CFPB adopted in October 2024, including “assessment of fees to defray the costs incurred by” financial institutions in providing access to customer accounts data.¹³

To understand why access fees may harm innovation and economic efficiency, it is important to recognize the benefits of open banking. Open banking expands economic efficiency by correcting market failures caused by externalities.¹⁴ In the case of financial services, externalities lead to insufficient flow of financial information between consumers and potential providers of services. Open banking corrects this market failure by inducing more connectivity and data sharing (consistent with protecting consumer privacy and maintaining data security). In doing so, open banking spurs innovation, entry by new firms, investment, and economic efficiency.¹⁵ Access fees would reverse the economic benefits of open banking by impeding data sharing and connectivity among financial services companies.

Regulations that restrict terms of trade between market participants can be harmful if they override efficient market function. However, a ban on access fees would be beneficial because it seeks to correct market failures caused by externalities. It is distinct from regulations that aim to protect competitors and other constituents by ensuring that they retain a sufficient share of economic surplus or economic pie. In the process of protecting constituents, these regulations often reduce the size of the economic pie by creating significant regulatory burdens and displacing efficient market function.¹⁶ A ban on access fees is different because it seeks to expand the size of the economic pie.

II. Financial Services Externalities

Externalities exist when unilateral action by a firm (or joint action by a pair of firms) has significant effects on other firms or consumers.¹⁷ Externalities may be positive or negative, depending on the nature of the external effects. An example of a negative externality is a factory polluting a water stream. This action creates negative external effects by harming

¹² See Rosalia Mazza, *JPMorgan to Charge Data Aggregators for Customer Access, Signaling Shift in Fintech Strategy*, FINTECH WEEKLY (July 18, 2025), <https://www.fintechweekly.com/magazine/articles/jpmorgan-to-charge-data-aggregators-fintech-access-costs>.

¹³ See Personal Financial Data Rights; Reconsideration, 90 Fed. Reg. (Aug. 22, 2025) (to be codified at 12 C.F.R. pts. 1001 & 1033), <https://www.federalregister.gov/documents/2025/08/22/2025-16139/personal-financial-data-rights-reconsideration>.

¹⁴ See Hal R. Varian, *Microeconomic Analysis* 432–39 (3d ed. 1992); Andreu Mas-Colell, Michael D. Whinston & Jerry R. Green, *Microeconomic Theory* 350–82 (1995); and Henry N. Butler, Christopher R. Drahozal & Joanna Shepherd, *Economic Analysis for Lawyers* 27–39, 185–229 (3d ed. 2014).

¹⁵ Babina *et. al.*, *supra* note 4.

¹⁶ See Neil Bradley, *How Excessive Regulation Hurts the Economy*, U.S. CHAMBER OF COMMERCE (Jan. 16, 2025), <https://www.uschamber.com/economy/how-excessive-regulation-hurts-the-economy>.

¹⁷ See *supra* note 14.

other users of the stream. An example of positive externality is an investment in a new development in a run-down neighborhood, which benefits other building owners in the neighborhood by increasing their property value. Regulations can enhance allocative efficiency (i.e., ensuring resources flow to their highest-value uses) by taxing or prohibiting negative externalities and by incentivizing positive externalities.¹⁸

There are positive externalities associated with sharing of consumer accounts data because access to such data drives innovation.¹⁹ This innovation benefits all consumers of financial services and not just the customers of the bank providing access to their data. Access to customer financial data is an essential ingredient for the development of AI-based and other innovative financial services.²⁰ Data sharing is efficient because it enables more companies to use the available data to provide services for consumers.²¹ It induces new financial services entry, thus creating more competition.²² **By incentivizing access to customer financial data, open banking creates more innovation and competition, leading to more options, better services, and lower costs for consumers.**

There is also a positive externality from the network effects of participation in financial services. Participation in financial services generates network effects (which are positive) because the value of these services for consumers increases with the number of participants.²³ For example, a credit card network becomes more valuable to consumers as more merchants accept payments using the network.²⁴ There are also network effects across different financial services. For example, using an online financial advisor service may lead to greater investment in mutual funds while more mutual fund options may lead to more online financial advisory services, creating a virtuous cycle. The presence of network externalities in financial services suggests that open banking may increase market efficiency by incentivizing the use of and investment in financial services.²⁵

Conversely, access fees are a negative externality. These data access tolls are a tax on financial services connectivity and customers' ability to share their data, which negates the positive effects of open banking. **Access fees would have negative effects for the entire financial services industry in terms of reduced innovation and demand for services.**

¹⁸ *Id.*

¹⁹ Babina *et. al.*, *supra* note 4. Throughout this report, reference to data access assumes authorized access.

²⁰ *Id.* Also see Tanya Babina, Anastassia Fedyk, Zhaotian He & Alex Xi He, *Artificial Intelligence, Firm Growth, and Product Innovation*, 151 J. FIN. ECON. (2024).

²¹ See Charles I. Jones & Christopher Tonetti, *Nonrivalry and the Economics of Data*, 110 AM. ECON. REV. 2819 (2020).

²² Babina *et. al.*, *supra* note 4.

²³ See Michael L. Katz & Carl Shapiro, *Network Externalities, Competition, and Compatibility*, 75 AM. ECON. REV. 424 (1985).

²⁴ See Jean-Charles Rochet & Jean Tirole, *Cooperation among Competitors: Some Economics of Payment Card Associations*, 33 RAND J. ECON. 549 (2002) and Julian Wright, *Optimal Card Payment Systems*, 47 EUR. ECON. REV. 587 (2003).

²⁵ Katz & Shapiro, *supra* note 23.

III. Effects of Access Fees

Many modern financial services rely on access to bank customers' accounts data for providing services to these customers. According to FDATA North America, a trade organization representing financial technology (“fintech”) companies that collectively serve more than 100 million U.S. consumers and small and medium-sized enterprises,²⁶ each FDATA North America member needs to be able to access some component of customer financial data held by a financial institution to serve these customers.²⁷

Without a ban on access fees, banks may set fees that impede the flow of financial information. This could undermine the efficiency benefits of open banking. There are two distinct mechanisms through which access fees may harm innovation and economic efficiency.

Flow of Financial Information

Access fees would impede the flow of financial information by making data sharing more expensive. Reduced flow of financial data would chill financial services innovation.²⁸ The higher costs of accessing consumer financial data would likely deter some financial services companies from offering services that require access to such data, thus reducing service options and diminishing financial services competition. Access fees may also discourage startups. Data access tolls may chill innovation and impede entrepreneurial companies in high-growth areas such as agentic AI, decentralized finance, and emerging payments, all of which generally rely on accounts data access for their services.²⁹

Network Effects

Financial services companies would likely pass a portion of access fees to consumers, thus increasing consumers' costs of using financial services and reducing the demand for these services. Network effects would amplify this decline in the demand for financial services.

Consider the following example. A payment application (“app”) that was previously free for consumers to use begins charging a usage fee in response to banks' access fees. A usage fee for the app could cause some users to stop using the app, making the app less appealing to the remaining users as there are now fewer users with whom to engage in payment transactions using the app. The diminished appeal of the app would cause a

²⁶ FINANCIAL DATA & TECH. ASS'N (FDATA) N. AM., *Comment Letter on Treasury Request for Information on Executive Order 14247: Modernizing Payments To and From America's Bank Account* (June 30, 2025), https://mcusercontent.com/d62b8c1570b4b45285fbb8f4b/files/77a7704c-bcca-83ed-f8cf-e95da34e4fb3/Final_Draft_FDATA_Comment_Letter_on_Treasury_RFI.docx.

²⁷ FDATA N. AM., *Comment Letter on Bank-Fintech Partnerships RFI* (July 2025), https://mcusercontent.com/d62b8c1570b4b45285fbb8f4b/files/3a37caf3-1c06-4af4-89d0-7c769b9fff17/Final_FDATA_NA_Bank_Fintech_Partnerships_RFI_Comment_Letter.pdf.

²⁸ Babina et. al., *supra* note 4.

²⁹ See FinRegLab, *The Next Wave Arrives: Agentic AI in Financial Services* (2025), <https://finreglab.org/research/the-next-wave-arrives-agentic-ai-in-financial-services/>.

further decline in the app's use, thus making the app even less useful for the remaining users. This usage dynamic is the network effect amplification. The successive decline in the app's number of users could lead to a downward spiral for the app, eventually causing the app to become a niche product or forcing the app to exit. The diminished user base, loss of revenue, and higher costs may constrain the app's ability to develop new products.

The overall decline in the demand for financial services (because of higher costs, reduced financial services participation, and network effect amplification) may cause some firms to exit and others to forgo entry. If apps do not pass their cost increases to consumers, some may be forced to exit because their margins may be insufficient to cover fixed operating costs. The potential decline in financial services demand induced by access fees would lead to less efficient utilization of services, loss of value for U.S. consumers and business, and less innovation.

Banks' Incentives to Impose Access Fees

Banks may be willing to charge access fees despite their harmful effects because banks' private benefits from charging these fees outweigh their private detriments from the fees. However, it is the entire financial services industry that suffers harm from access fees. While it may be privately rational for individual banks to charge access fees, in aggregate, across the entire financial services industry, access fees would produce net harm. Access fees are a negative externality because they generate harm that goes beyond the bank granting access and the third-party firm seeking access. Access fees are, in essence, the equivalent of water stream pollution. Banks obtain the private benefits of access fees (dumping pollution into the water stream), but it is the entire financial industry that suffers the loss of dynamism and efficiency from these fees (the water stream is polluted for every user of the stream).

In setting the access fee, banks would also consider that the firms seeking access may be the bank's current or future potential competitors. For example, a financial services firm seeking access to the customer accounts data may be competing with the bank in offering loans to customers. The bank may set a high access fee for a competing lender to restrain the lender's ability to compete for the bank's customers.

Banks earn substantial revenue and profit margins from traditional credit and debit payment services.³⁰ Millions of consumers are increasingly shifting to nonbank payment apps, putting those revenues at risk.³¹ These apps depend on access to customer

³⁰ See Consumer Fin. Prot. Bureau, *Credit Card Interest Rate Margins at All-Time High*, CONSUMERFINANCE.GOV (Jan. 30, 2024), https://www.consumerfinance.gov/about-us/blog/credit-card-interest-rate-margins-at-all-time-high/?utm_source=chatgpt.com; and JPMORGAN CHASE & CO., *2024 Annual Report* (2025), <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/investor-relations/documents/annualreport-2024.pdf>.

³¹ See John Adams, *Exclusive Research: Nonbank Competitors Are Plaguing Bankers*, AM. BANKER (Jan. 22, 2025), <https://www.americanbanker.com/payments/news/exclusive-research-nonbank-competitors-are-plaguing-bankers>; and Nat'l Retail Fed'n, *Retailers Say CFPB Open Banking Rules Could Reduce Need for Swipe Fees — and Increase Competition*, NRF (Feb. 6, 2024), <https://nrf.com/media-center/press-releases/retailers-say-cfpb-open-banking-rules-could-reduce-need-swipe-fees-and>.

accounts data held by the banks. If allowed, banks may set high access fees to protect their credit and debit businesses from competition by nonbank payment services.³²

IV. The Case for No Access Fee Open Banking

There is a compelling case for eliminating access fees to spur innovation and enhance the dynamism of U.S. financial services. Access fees are akin to tolls that a municipality charges for the use of local roadways. While such tolls may benefit the municipality, they would have a harmful effect on the national transportation system.

Should banks not have the right to impose access fees? After all, banks incur costs in providing data access with APIs. However, banks also obtain the benefit of connectivity of financial services for *their* customers. Allowing bank customers to access the vast financial services ecosystems around traditional bank services is a significant benefit that banks offer to their customers.³³ This benefit also increases the demand for traditional banking services. For example, Americans are increasingly dependent on fintech and other novel financial services for their everyday needs. According to a 2022 survey from Plaid, 80% of Americans use digital financial applications and services, and about half of Americans use fintech to manage their finances.³⁴ Moreover, taxpayers and financial institutions (including banks) stand to benefit significantly from the ongoing transition from paper checks to electronic payment services.³⁵ Nonbank payment and Pay by Bank applications facilitate the transition away from paper checks.³⁶ These applications depend on access to bank customer accounts data for provision of services.

Access fees are relatively inefficient ways for banks to recover their costs of providing access to accounts data. There are more efficient ways for banks to recover these costs without causing harm to innovation and economic efficiency. For example, banks could charge higher fees for services or pay lower interest rates on deposit accounts.

³² See Bd. of Governors of the Fed. Reserve Sys., *Pay-by-Bank and the Merchant Payments Use Case: Benefits*, FEDS NOTES (July 7, 2025), https://www.federalreserve.gov/econres/notes/feds-notes/pay-by-bank-and-the-merchant-payments-use-case-benefits-20250707.html?utm_source=chatgpt.com.

³³ See Celent, *All That Glitters Is Not Gold: Why U.S. Banks Should Tread Carefully with Open-Banking API Fees*, CELENT (2024), <https://www.celent.com/en/insights/all-that-glitters-is-not-gold-why-us-banks-should-tread-carefully-with-open-banking-api-fees>.

³⁴ See Plaid, *The Fintech Effect: 2022 Report*, PLAID (2022), <https://plaid.com/blog/fintech-effect-report-2022/>.

³⁵ See Bank Pol'y Inst., *Bank Groups Call for Swift, Secure Transition as Treasury Phases Out Paper Checks*, BPI (Jan. 30, 2025), <https://bpi.com/bank-groups-call-for-swift-secure-transition-as-treasury-phases-out-paper-checks/> and RBC Capital Mkts., *Paper Is Becoming Extinct: Why Checks Are Now the Dinosaurs of Payments*, RBC CLEAR (July 2024), <https://www.rbccm.com/assets/rbccm/docs/expertise/rbc-clear/Paper-is-Becoming-Extinct.pdf>.

³⁶ VersaPay, *Paper Check Alternatives: How to Ease Your Transition to Digital Payments*, VERSAPAY (2024), <https://www.versapay.com/resources/paper-check-alternatives-how-to-ease-your-transition-to-digital-payments>.

Access fees also risk jeopardizing U.S. leadership in financial services. Many countries around the world have adopted open banking policies that do not allow access fees.³⁷ Such policies promote innovation and dynamism, leading to robust new competition and development of innovative companies at the cutting edge of financial services. Open banking without access fees has been at the core of the recent financial services renaissance in the U.S. However, access fees by banks operating in the U.S. may result in less dynamism and innovation for the U.S. financial services industry, potentially ceding U.S. leadership in financial services to other countries.

V. Conclusion

There is compelling economic rationale for an open banking regulation that eliminates access fees. Such a regulation would allow the renaissance in U.S. financial services to continue. At the same time, access fees would chill financial services innovation and reduce competition, likely impeding the growth of the financial services industry. Access fees charged by U.S. banks may also place U.S. financial services at a competitive disadvantage relative to companies in other countries where banks do not charge access fees.

³⁷ See *supra* note 7.

About the Author:

Jay Ezrielev is the founder and managing principal of Elevecon, an economic consulting firm. He received a B.S. degree in Electrical Engineering with highest honors from Rutgers University in 1987, an M.S. degree in Electrical Engineering from Rutgers University in 1989, and a Ph.D. in Economics from New York University in 2001. He is currently an adjunct professor at George Mason University Antonin Scalia Law School. Between 2018 and 2020, Dr. Ezrielev worked at the Federal Trade Commission as the economic advisor to Chairman Joseph Simons, focusing on competition policy and enforcement. Prior to joining the Federal Trade Commission, he was an Executive Vice President at Compass Lexecon, an economic consulting firm. He was also previously an adjunct professor at Johns Hopkins University.

Dr. Ezrielev specializes in industrial organization economics, econometrics, economics of regulation, and antitrust policy. He has worked on numerous matters related to financial services in his capacity as an economic consultant. Dr. Ezrielev has published articles on antitrust and regulatory policy in *Journal of Competition Law and Economics*, *Antitrust Bulletin*, *Antitrust Source*, *Nebraska Law Review*, *Antitrust Magazine*, and *Competition Policy International Antitrust Chronicle*. He has also published articles on antitrust policy in *Barron's*, *Law360*, *Competition Policy International*, *ProMarket*, and *Global Competition Review*. In January 2026, Dr. Ezrielev testified in a Congressional hearing on digital streaming competition in front of the House Judiciary Subcommittee on the Administrative State, Regulatory Reform, and Antitrust.