



February 25, 2026

California Department of Financial Protection and Innovation
Legal Division, Regulations Coordinator
Attn: Ms. Diana Pha
651 Bannon Street, Suite 300
Sacramento, CA 95811

Sent via electronic mail to regulations@dfpi.ca.gov

Re: PRO 07-24 Second Invitation for Comments on Proposed Rulemaking under the California Consumer Financial Protection Law Regarding Registration and Reporting of Covered Persons (Consumer-Reporting Services)

Dear Commissioner Mohseni:

Method Financial (“Method”) appreciates the opportunity to provide comments in response to the California Department of Financial Protection and Innovation’s (“DFPI” or “the Department”) Request for Comment on proposed rulemaking under the California Consumer Financial Protection Law (“CCFPL”) proposing registration and reporting of persons that engage in offering or providing to California residents the consumer financial service described in Financial Code section 90005, subdivision (k)(9).

As a business-to-business services provider to banks, credit unions, and fintechs that offer financial products and services to consumers, Method is built upon the notion that consumers should have the ability to permission access to and share their financial data with full transparency, control, security, and safety, as enshrined in federal law under Section 1033 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“the Dodd-Frank Act”), under a framework more commonly known as “open banking.” While a review of registration and reporting requirements for entities that provide consumer financial services described in Financial Code section 90005(k)(9) may be warranted, Method believes that such requirements on entities providing open banking access to consumers, i.e., obtaining current and historical financial data directly from a consumer’s financial institution on behalf of a consumer and at their express direction and consent would be counterproductive and detrimental to consumers.

Consumer-permissioned data access tools, including those powered by Method, have enabled greater access to more affordable and more innovative financial services and products in recent

years, including cash-flow underwriting, which has emerged as a key tool used to expand access to affordable credit, and more efficient debt servicing, which provides consumers the ability to avoid late fees and interest by paying what they owe more easily. The consumer-permissioned open banking data that powers these tools is separate and distinct from the marketplace in which unrelated entities collect, maintain, warehouse, re-use, and/or sell consumer report information. By imposing onerous registration fees and additional reporting obligations on companies providing consumers with open banking access to their permissioned data, the Department risks limiting Californians' ability to take advantage of the important financial products, tools, and services that rely on consumers' ability to share access to their own financial data, leaving consumers with fewer options and less opportunity to interact with their financial information. We encourage DFPI to therefore tailor its proposed reporting and registration requirements to exclude open banking providers that access consumer-permissioned financial data directly from the consumers' financial institutions and only with the consent and direction from consumers who require such data for a financial service or product they requested..

About Method:

Founded in 2021, Method is a financial technology platform that provides infrastructure to empower banks, credit unions, and financial technology companies to help consumers in California and around the country manage their debts. Since the start of 2025, Method has powered over \$1.4 billion in liability repayments, with our user base expanding nearly 1,000 times since 2023. Today, Method's customers use the platform to help nearly 46 million Americans—many of whom are consumers without traditional online banking credentials—manage their debts securely and efficiently. Method's technology solutions enable connections with financial institutions for consumers to retrieve and share data on their debt accounts, including student loans, personal, credit card, auto, mortgage, and other debts to power use cases like debt consolidation, balance transfers, refinances, and payoffs. Through these connections, and the use cases that Method enables, consumers themselves are able to see the totality of their liabilities across their multiple financial institutions and decide which of those to share with a third-party to service those debts more easily; access opportunities to lower their interest payments, increase cash flow, and save money; automate their bill payments; and more. Method's technology enables hundreds of thousands of lower-income and non-digitally native consumers to access a wide range of use cases that can help them holistically manage and improve their financial well-being.

Method's responses to the DFPI's RFC questions:

Consumer and Market Concerns

California is a leader in consumer empowerment and protection, pursuing forward-looking regulatory initiatives that focus on financial inclusion for underserved and unserved communities and implementing the nation's most robust state data privacy law. The combination of these two approaches has been to create a foundation for transparent and safe data sharing across the state,

which has, in turn, allowed for an innovative, competitive ecosystem to flourish in which consumers are able to more freely compare providers of consumer financial services, products, and tools and in which those providers, in turn, compete with one another vigorously, including on pricing to the benefit of consumers.

The ability of Californians to access and securely share access to their own financial data, guaranteed under Section 1033 of the Dodd-Frank Act and protected under the California Consumer Privacy Act (“CCPA”), underpins this competitive ecosystem. Through open banking, consumers can choose to securely share their financial data with trusted applications or services. Fintech applications can, with the consumer’s permission, connect to bank data to offer cheaper loans, better savings rates, and easier payments; and financial institutions can more simply verify a user’s identity and bank account information, a critical step to maintain Know Your Customer (“KYC”) compliance.

Open banking also facilitates access to mainstream, affordable credit for traditionally underserved consumers by allowing lenders to access detailed financial data that help consumers with thin or imperfect credit histories get approved. For these consumers, for whom traditional credit bureau data either does not exist or is insufficient to qualify for affordable credit, cash-flow data underwriting has been a critical lifeline to accessing responsible credit. Even for those consumers who are not underbanked or thin-file, credit access is constrained in the absence of technology tools: more than 70 million loan and credit applications each year are initiated non-digitally.¹

Through companies like Method, these consumers are more easily able to use products that help them to balance transfer, refinance, consolidate, or pay off their debts, all in one place.

Method relies on consumers’ right, provided under the Dodd-Frank Act, to share their own financial data with third-party providers to enable their use of these important financial products, services, and tools. We adhere to robust data privacy and security requirements for safeguarding the data that we access, as required under both federal and state law. This heavily regulated, consumer-permissioned data flow stands in contrast to the manner in which data brokers, consumer reporting agencies, and other entities access consumer financial data. In contrast to credit reporting agencies and data brokers, our open banking data access model provides full transparency to the end user at all times as to what data is being accessed and for what purpose. This transparency, coupled with the fact that open banking data is transactional and experiential data from each respective financial institution from which the consumer permissioned access, means that existing dispute resolution processes and regulations, e.g., Regulations E and Z, obviate the need for additional channels. Further, anything additive risks confusing consumers and adding operational

¹ <https://methodfi.com/blog/the-importance-of-inclusive-authentication-in-bridging-the-financial-divide>.

complexity for open banking providers and financial institutions, which diverts resources better spent elsewhere.

The differences between open banking providers and other industry participants are stark. Unlike traditional credit bureaus, Method does not compile or sell consumer reports, does not make eligibility determinations, and does not control dispute resolution processes or outcomes. Instead, Method acts as a consumer-permissioned conduit that allows consumers to access and share their own financial data in a secure and transparent environment. Method's model is purpose-limited, consumer-directed, and does not involve reuse or redisclosure. Applying a registration and oversight regime designed for credit reporting agencies to Method and other similarly aligned platforms risks conflating data access infrastructure with credit reporting and decisioning, undermining both consumer choice and competition.

For these reasons, when promulgating an eventual registration and reporting framework, the Department should adhere to the well-recognized distinctions between open banking entities that obtain consumer-permissioned data directly from financial institutions on the one hand, and credit reporting agencies and data brokers who are reusing and redisclosing previously assembled, warehoused data on the other, and apply its framework only to the latter.

Definitions

In its request for comment, the DFPI seeks information on how Financial Code 90005 (k)(9) compares with existing definitions in state or federal law and how those regulations might address gaps or ambiguities. Specifically, it rightly considers whether to define key terms, like “consumer report,” “consumer report information,” and “account information,” indicating that there are distinctions among them. Method encourages the DFPI to exclude consumer-permissioned transactional and experiential data obtained directly from financial institutions from “consumer report information” under its proposed regulation. This approach is consistent with the Fair Credit Reporting Act (“FCRA”).² Today, federal law, the CCPA, and regulatory expectations already provide significant regulatory oversight of consumer-permissioned data flows in the financial sector.

Specifically, the CCPA has facilitated an ecosystem in which consumers have control over their personal information and where businesses that access that information abide by strict privacy and security requirements. The CCPA grants Californians the right to know what personal information

² See 15 U.S.C. § 1681a(d)(2)(A)(i) (excluding transactional and experiential data from the definition of “consumer report”). Open banking providers like Method merely act as a conduit to facilitate a consumer's ability to access such data electronically. See *40 Years of Experience with the Fair Credit Reporting Act: An FTC Staff Report with Summary of Interpretations* (July 2011) (confirming that an entity that merely transmits consumer information is not a consumer reporting agency).

is collected, the ability to access it, delete it, and to opt out of its sale or sharing, further ensuring full consumer transparency and control.³ Additionally, the law requires businesses to provide clear notice to consumers of their data practices, to obtain explicit consent for accessing certain sensitive data, and to promptly honor opt-out requests.

The Department should also be mindful as it considers its registration and reporting regime of existing federal law in this space beyond the Dodd-Frank Act. The FCRA has for decades regulated the collection, accuracy, and privacy of consumer information used by consumer reporting agencies. It protects consumers by requiring accuracy, limiting access to reports to permissible purposes—like credit, insurance, or employment information—and allowing individuals to dispute incorrect information.⁴ Importantly, it also clearly defines several of the terms being considered by the Department for the purposes of this rulemaking. Method is concerned that, by including a vastly broader set of entities, including those that merely facilitate open banking-enabled access to consumer data but that do not assemble or evaluate consumer reports, the definitions provided under Financial Code 90005 (k)(9) materially depart from both the CCPA and the FCRA.

As it considers this regulation, the DFPI should be aware that the federal government has recently considered similar questions in the context of the FCRA and ultimately reaffirmed the important distinctions between consumer-permissioned data access and data broker and traditional credit reporting activity. Indeed, during the Biden administration, Method was invited by former Consumer Financial Protection Bureau Director Rohit Chopra to serve as a Small Business Regulatory Enforcement Act (“SBREFA”) panelist during the agency’s consideration of amendments to the FCRA’s implementing Regulation V to explore the application of the federal statute to data brokers. Alongside a vast array of other SBREFA panelists, Method underscored during that process the negative consumer and market consequences of an improperly tailored definition of “consumer report” and “consumer reporting agency” and was pleased that the Bureau ultimately opted to maintain the application of Regulation V to entities that assemble and evaluate data to compile consumer reporting information utilized in credit decisioning and other FCRA permissible purposes.⁵

Method encourages the DFPI to take a similar approach in this context and to more clearly define “financial products or services” and “decision” in Financial Code 90005 (k)(9) to underscore the fact that consumer-permissioned, financial data accessed and transmitted through open banking, and the products and services it supports, are separate and distinct from entities that collect, analyze, and maintain consumer information for reuse, redisclosure, and sale. Importantly, this

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<https://oag.ca.gov/privacy/ccpa#:~:text=The%20right%20to%20know%20about,to%20those%20above%2C%20such%20as>

⁴ <https://www.ftc.gov/legal-library/browse/statutes/fair-credit-reporting-act>

⁵ <https://www.regulations.gov/comment/CFPB-2025-0031-0013>

distinction would maintain harmony with the CCPA's core principle of data minimization, which limits the collection, retention, and use of personal information to what is reasonably necessary and proportionate to the disclosed purpose. Open banking, consumer-permissioned data access models, like Method's, are intentionally designed to minimize data retention by obtaining data at the consumer's direction and avoiding the creation of persistent consumer files. Requiring such entities to register and report to the DFPI would necessitate the maintenance of ongoing consumer data and historical records, which would run in direct contradiction to this foundational CCPA tenet by requiring retention of data beyond what is necessary to support the consumer-directed use case. Additionally, the Department should define "account information" to exclude data accessed directly from the consumer's financial institutions at the consumer's direction; "consumer report" to exclude raw or normalized data transmitted without analysis, scoring, or eligibility determination; and more narrowly define "consumer report information" to capture data that is included within a "consumer report."

These distinctions are critical to ensuring that regulatory obligations are attached to entities that actually exercise control over credit and other financial outcomes, versus those that merely provide the means through which consumers can access and share their financial data to power use cases that improve their financial outcomes. Failure to distinguish between these very distinct entities risks regulatory inconsistency, duplicative compliance burdens, and reduced market participation that undermines the CCPA and federal statutory and regulatory approaches to consumer protection objectives.

Registration, reporting, and oversight requirements

Method recommends that the DFPI exempt entities that access consumer-permissioned data directly from financial institutions at the consumer's direction from its registration and reporting regime. The imposition of significant annual fees on open banking providers risks imposing undue limitations on Californians' access to important financial management tools, affordable credit, and more efficient debt servicing. The resulting consolidation in the market could also prevent new entrants from entering California, resulting in a meaningful decrease in competition with adverse downstream effects that would ultimately lead to fewer choices for consumers across the state.

If DFPI opts not to exclude open-banking consumer-permissioned data platforms from this registration and reporting regime, we urge the Department to carefully consider how registration fees are assessed and how "gross income from consumer-reporting services" is ultimately defined. To avoid imposing burdensome fees on smaller entities that facilitate consumer access to important financial products, services, and tools, the Department should clarify that "gross income" for the purpose of this regulation be defined as income derived in California for data access provided solely for credit decisioning use cases, not for a platform's entire revenue from the state for unrelated use cases. Any other approach risks the imposition of a de facto innovation tax on third-party financial providers in the state, which would ultimately be borne by consumers.

The Department also requests information on whether consumer-reporting providers should be subject to bonding or other appropriate financial requirements to ensure that they can perform their obligations to consumers. Because Method does not hold consumer funds and does not maintain consumer files for reuse or redisclosure like a credit reporting agency or data broker, there are no circumstances in which the dissolution of Method would result in any consumer losing funds. This model is consistent across the consumer-permissioned financial data ecosystem. As a result, we do not foresee any additional benefit to consumer protection from instituting a bonding requirement in the open banking marketplace.

The Department also asks whether it should require registrants to provide relevant information in annual or special reports. To the extent registration and reporting obligations are adopted, they should be limited to activity involving Californians and California-specific revenue data access related solely to credit decisioning use cases. Any regulation that requires entities to maintain and submit data encompassing their activity beyond California's borders risks creating a nationalized data retention and reporting regime.

Conclusion

Method appreciates the opportunity to provide comments to the DFPI's request for comment on proposed rulemaking under the CCFPL regarding registration and reporting of persons that engage in offering or providing to California's residents consumer financial services described in Financial Code 90005 (k)(9). As a provider of access to important third-party financial products, services, and tools for Californians, Method relies on the access to consumer-permissioned financial data that open banking affords. By hindering the opportunity for consumers to access the financial system and use the products and services of their choosing by failing to differentiate consumer-permissioned access activities from those of credit reporting agencies and data brokers, the DFPI risks stifling competition and creating obstacles for Californians to reap the benefit of an innovative marketplace that promotes inclusion, closes the wealth gap, and ensures robust and transparent data sharing. Method therefore encourages the Department to:

- Explicitly exclude consumer-permissioned data access platforms and third-party providers from the registration and reporting regime;
- Align definitions for its forthcoming regulation with the FCRA, the CCPA and other applicable laws and regulations;
- Require reporting only from California-based consumer reporting activity; and,
- Apply scaled registration fees based only on revenue derived in California from regulated credit reporting activity.

These reasonable and less burdensome approaches would promote a financial services ecosystem in which Californians would see robust consumer choice, an innovative market, and reliable access to credit.

Sincerely,

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Phil Chang
General Counsel
Method Financial