



## **How account aggregators simplify sharing of financial data and reduce processing time**

**Account aggregators will help individuals have a single financial view of their money life and share with their financial advisors and banks in a safe and secure manner.**

When you approach a financial planner for the first time, on-boarding takes a lot of time. You would have to keep your mutual fund account statements, insurance policy documents, bank account details etc. handy. But what if your financial planner can access all your financial information without you having to run around collecting all individual documents? This is soon going to become a reality with account aggregators commencing their operations.

Again, the loan application process is cumbersome for an individual. The borrower is required to submit various documents, including include bank statements, salary slips, income-tax returns, Aadhaar and a permanent account number (PAN). The borrower has to arrange for these documents from various sources and submit them to the lending institution. The lender has to verify all these documents. There is an additional cost for the lender and the processing time is increased in the verification process. In future, by using account aggregators, all these details can be shared with lending financial institutions and processing time can be reduced.

### **The role of an account aggregator**

In September 2016, the Reserve Bank of India (RBI) had proposed setting up of an account aggregator that would act as a common platform capturing all your financial details in one place. The account aggregator will help individuals and small businesses

share their financial data with third parties in a safe and secure manner, and give them greater control over how their data is being used.

The four major financial regulators — RBI, IRDA, PFRDA and SEBI (regulating banks, insurance, pensions and markets, respectively) – came together to allow regulated entities under their control to share data with user consent with account aggregators.

To promote the account aggregator ecosystem a body, named Sahamati, has been formed. It will work towards accelerating the adoption of the framework by building awareness about the new technology and supporting implementation and integration through various workshops. BG Mahesh of Sahamati says, "This is expected to revolutionise lending, wealth management and financial planning in the next few years, as individuals start to control the flow of their data held currently in silos across various financial institutions."

### **How data is processed**

An individual seeking a home loan will be able to quickly share her bank statements and other details required by lending institutions digitally through her preferred account aggregator. NR Sudarshan, Vice President, CAMS FinServ adds, "An investor seeking financial planning advice will be able to share her mutual fund, insurance, pension plans, equity and banking details digitally through her account aggregator mobile application."

As of now, six account aggregators have received in-principle approval from the RBI for the data-sharing framework; these include National E-Governance Services Asset Data, CAMS FinServ, Cookiejar Technologies (Product named Finvu), FinSec AA Solutions Private (OneMoney), Yodlee Finsoft, and Jio Information Solutions. These companies are expected to roll-out their services by the end of 2019 after getting a final approval on operations from the RBI.

Sudarshan says, "An individual, after selecting an account aggregator of her choice, can seamlessly obtain data from multiple service providers called financial information providers in the account aggregator system." Financial information providers include

banks, mutual fund houses, insurance providers, the income-tax department and the goods and services tax (GST) platform. They deliver consent-based data to financial information users (those who would service you, after using your data, such as banks, wealth managers and robo-advisors).

The cost involved will be borne by financial information users since they get to use the data. The costs will be decided between account aggregators and financial information users as it goes live. Financial information users may pass this cost to investors or borrowers.

### **Data security**

The key feature of an account aggregator is that it's 'data blind.' This means the account aggregator does not store or save any data transmitted between financial information providers and financial information users. The data that flows through the account aggregator is encrypted and can only be accessed by entities requesting the data. Vishal Dhawan, certified financial planner, and founder Plan Ahead Wealth Advisors says, "This prevents stealing of confidential data and secures users' data."

Says Sudarshan, "Users will be able to revoke consent to share data and will also be able to share individual items of data without sharing the full history." These tasks are almost impossible to accomplish when bank statements, mutual fund statements etc. are shared in paper form or downloaded and sent to wealth managers. You don't face the hassle of having to physically visit various entities or log into multiple websites to collect your financial information.

### **Positives from entities**

By engaging an account aggregator, the full view of your finances can be shared instantly with a wealth manager. Users will get real-time prices of investments. Says Gajendra Kothari, founder and managing director of Etica Wealth Management, "An investor can get a bird's eye view of her entire wealth. The entire portfolio can be analysed quickly. This will be a real game changer for the advisory industry."

Account aggregators will reduce the need for paper trails, processing time and verification of documents for financial information users. Says Harshvardhan Roongta, Principal Financial Planner at Roongta Securities, "Money that shall be saved with account aggregators by the banks before lending may translate into lower interest rates for borrowers in future."

### **Making it work**

In case there are discrepancies in the data shared with the users of financial information, an individual needs to get it rectified from financial information providers. Account aggregators don't have any role, as they don't have access to your data that is transmitted. You may have to take up errors in data or other issues with your bank/mutual fund house/ insurance company, and get them rectified, which will take some time. Once done, you may have to give your consent again to the account aggregator.