

# Soon, bank a/c opening, loans to go paperless with Sahamati

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Sahamati, an account aggregator, allows use to share financial data digitally with third parties in secure manner

After Aadhaar, Nandan Nilekani has now come up with an industry body called Sahamati, an account aggregator model, which will help individuals and small businesses share their digital financial data with third-parties in a safe and secure manner.

For example, a user seeking a loan will be able to quickly share bank statements and other details required by lending institutions digitally through their choice of preferred account aggregator (AA).

Users seeking financial planning services will be able to share mutual fund, insurance, provident fund, and banking details digitally through their AA app. It will be able to seamlessly obtain data from multiple service providers and deliver

this via consent-based channels to financial information users, eliminating the need for individuals to physically visit multiple branches for their data.

## Responsibilities

The RBI approved a new class of NBFCs in 2016 to act as account aggregators. The main responsibilities of the account aggregator are to provide services based on the explicit consent of individual clients. This primarily includes transfer, but not storing, of a client's data.

The AAs will not be able to read the data nor will it be allowed to resell it. They will only be able to make money through the transactions.

Nandan Nilekani, former Chairman, UIDAI, said: "If Indians can leverage their footprints to get better loans and other financial products, we will have taken a step towards true data empowerment. Thanks to AA and other digital infrastructure that we built, India will become a leader in empowering individuals and small businesses with their own data."

In order to support the ecosystem, Sahamati has been formed as a Section 8 non-profit. It will work to accelerate the adoption of the framework by building awareness among potential AAs, FIPs, and FIUs on the new technology and institutional architecture, as well as support implementation and integration through various workshops.

Sahamati will be headed by former journalist BG Mahesh, with members from account aggregator organisations, banks, mutual funds as well as financial information users, including firms into flow-based credit, wealth management, and personal finance management, among others.

Sahamati will apply for the SRO (self-regulatory organisation) licence with the RBI, which will give it a self-governing body status, allowing it to work on a code of conduct and best practices for member organisations, Mahesh told *BusinessLine*.

## In-principle approval

So far, six AAs have received in-principle approval from the RBI. These include NESL Asset Data, CAMS Finserv Financial Services, Cookiejar Technologies Pvt Ltd, FinSec AA Solutions Pvt Ltd, Yodlee Finsoft Pvt Ltd, and Jio Information Solutions. The final RBI licence is expected by the year-end, allowing the companies to start offering the services. Bankers believe this will help credit bureaus and also improve lending to SMEs and retail customers.

SBI Chairman Rajnish Kumar said that lending to SMEs and for personal finance will become very easy through AAs.

“Already on the website [psbloansin59minutes.com](http://psbloansin59minutes.com), we are using GSTN, IT and bank account statements with user consent and give in-principle approval in 59 minutes,” he said, adding that it can be definitely scaled up.

He also noted that the use of account aggregators could lead to cost efficiency, which can be shared with the customer in terms of lower rate of interest.

Anup Bagchi, Executive Director, ICICI Bank, said the use of account aggregators will lower the infrastructure cost and credit cost, thereby helping transmission

A lending institution that uses the AA model will be able to run their algorithms on customer data and get back to them in real time with loan offers. Further, once other sectoral regulators come on board, this model can be extended to them. For instance, TRAI has already recommended this for telecom data, while NITI Aayog has recommended it for healthcare data.

The work around account aggregators began around four years ago when four major financial regulators – Reserve Bank of India, Securities and Exchanges Board of India, Insurance Regulatory and Development Agency and Provident Fund Regulatory and Development Agency – came together to allow related entities under their control to share data with user consent.

The technology framework was developed by non-profit iSpirt.

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