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Banks are adopting account aggregator framework on data

BY MEGHA MANDAVIA, ET BUREAU | UPDATED: MAR 16, 2020, 07.17 AM IST

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BENGALURU: Axis Bank, Bajaj Finserv, ICICI Bank, IDFC FIRST Bank, HDFC Bank, Indusind Bank, Kotak Mahindra Bank and State Bank of India are in various stages of adopting the account aggregator (AA) framework, according to an industry body, ahead of a public rollout of the new technology product in May.

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Account aggregators are responsible for transferring, but not storing, **client data**. An AA ecosystem, as envisaged by the Reserve Bank of India (RBI), would be a platform for financial services companies to reach out to the consumer to seek consent before using their personal data to optimise their product offerings.

“All the work is going in that direction. We are coordinating between the ecosystems. The scale-up will see a hockey stick effect. These **banks** and AA companies are part of the first wave. Many are waiting to join the second wave,” said BG Mahesh, a cofounder of Sahamati, a non-profit collective of account aggregators.

So far, **Cams Finserv**, **FinSec AA Solutions** and **Cookiejar Technologies** have received operating licences from the Reserve Bank of India.

Kotak Mahindra Group said it was launching a pilot among 50,000 employees to test use cases for the AA framework in banking, broking, wealth management, and insurance.

“As we speak we are launching a pilot with our employees before we launch it for our customers. We see many use cases for

seamlessly integrating personal finance journeys. We want to see how employees across entities are using it so we can finetune the experience,” Kotak Mahindra Bank chief digital officer Deepak Sharma said.

The company has designed a testing app for the pilot, where employees can generate an AA ID and view their portfolio across all its entities. It sees use cases in lending including to small and medium enterprises (SMEs), personal financial management and underwriting. “Initially it will help efficiency and reduce time for loan disbursal. Access to data will also help us build new financial products to offer customers digitally,” Sharma said.

Fintech startup Lendingkart has also set up a sandbox within the company to test AA use cases on internal company data.

“We do cash-flow based lending. We get 1 million applications from SMEs for loans every month. Right now, we approve only 10% of lending requests because of lack of data. With AA, we will be able to not only cater to underserved customers but also improve our credit underwriting,” said Deepesh Goel, the vice president for strategy and new initiatives at Lendingkart.

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