

NBFC ACCOUNT AGGREGATORS IN INDIA: AN OVERVIEW



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What are Account Aggregators?

Account aggregators (AAs) are organisations that enable the exchange of structured financial data from FIPs to FIUs, keeping track of the consent given and providing the ability to manage and revoke consent.

Account aggregation is the process of gathering all of a person's or family's financial account information in one location.

An individual can securely and digitally access and share information from one financial institution with which they have an account to any other regulated financial institution in the AA network with the aid of an Account Aggregator (AA), a specific category of RBI-regulated entity (with an NBFC-AA licence).

Without the person's consent, no data can be shared.

Benefits of Account Aggregator Ecosystem

By lowering information asymmetry, AAs can make it easier for previously underserved and unserved populations to access financial services and loans.

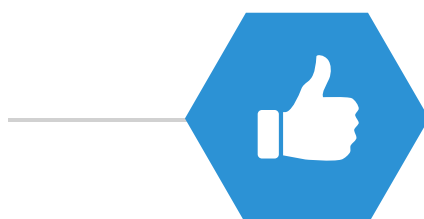


By removing paper trails, the AA framework facilitates the decision-making necessary for the provision of various financial services, such as lending, loan monitoring, wealth management, personal finance management, etc.



All consented transactional data, including cash flow records from various lenders, can be combined by AAs.

Real-time, tamper-proof, and inexpensive data retrieval from the original source is possible.



Responsibilities of Account Aggregators

Provide services to a customer based on the customer's explicit consent.

Have appropriate agreements/authorisations between itself, the customer and the FIPs.

Shall not support transactions by customers.

Ensure appropriate mechanisms for proper customer identification.

Share financial information only with the customer or FIU as authorised by the customer through consent.

Shall not hold any financial information of the customer it can access from the FIPs.

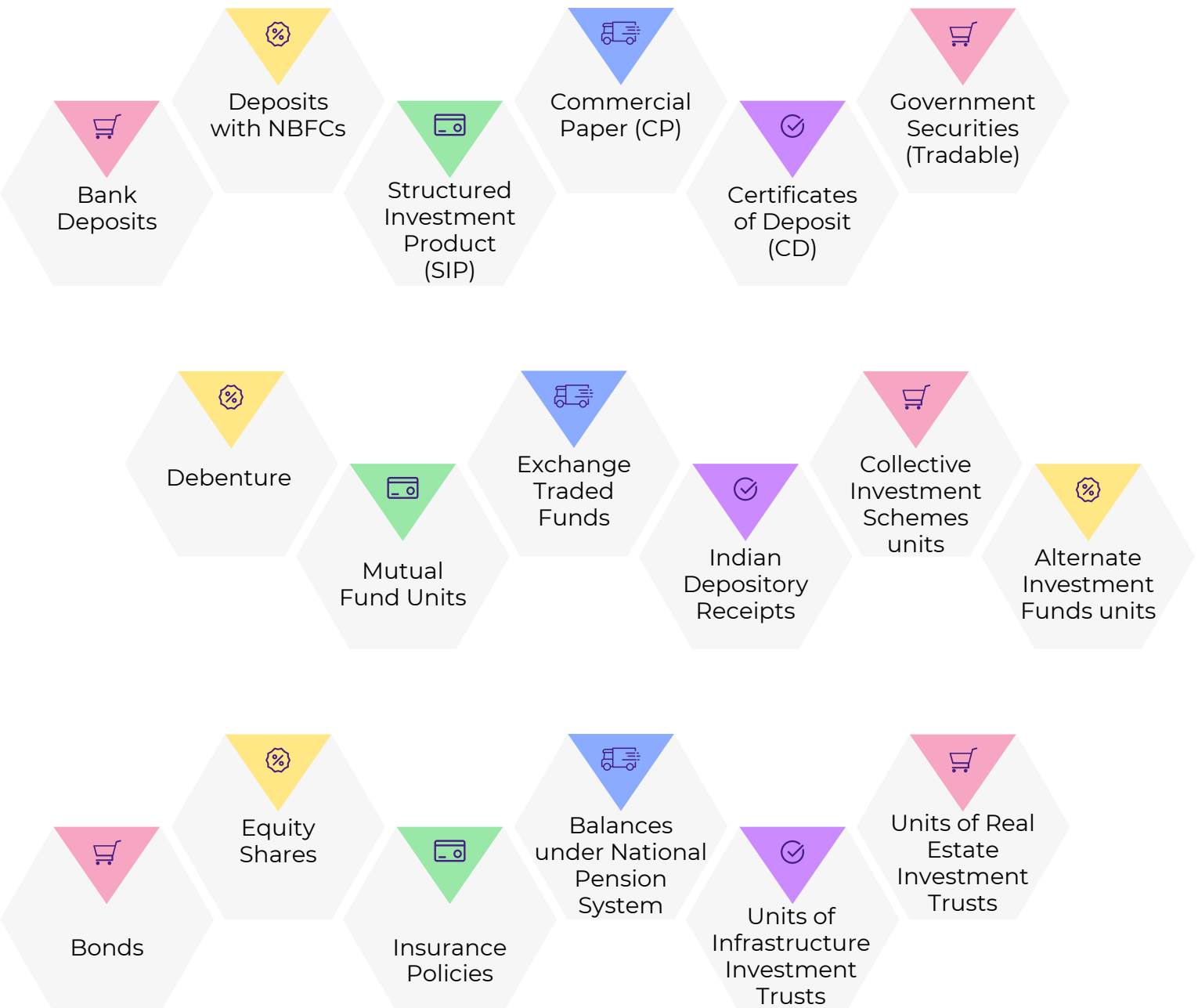
Shall not use the services of a third-party service provider for undertaking account aggregation activities.

Shall not access user authentication credentials of customers relating to accounts with various FIPs.

Have a Citizen's Charter that explicitly guarantees the protection of the rights of a customer.

Shall not undertake any other business other than account aggregation.

What is Financial Information?



AAs as Consent Custodians

AAs are only allowed to collect and transfer data; they are not allowed to see, store, or sell it.

When registering with AAs, a user will have the option of giving or withdrawing permission to share data from any of her/his accounts with a FIU.

The user will still be able to decide how much information can be shared.

For instance, the customer has the choice to grant access to data from two or just one bank if they have three banks and investment accounts.

The user will also be able to set a time limit on how long the data can be shared with the FIU.

Account Aggregators provide consumers with access to improved financial services by allowing them discretion over how their data is used and enabling seamless collection and consumption of personal data while maintaining privacy and security.

The AAs in this ecosystem have enormous potential for profitable expansion because they can either charge the FIU, whose better service they enable or, in some models, they can charge the end user for facilitating the information transfer digitally and securely, which lessens the effort required from the customer to obtain financial services.



NBFC Account Aggregator License



Net owned funds of Rs. 2 crores are necessary to obtain an Account Aggregator License. However, after receiving RBI's in-principle approval, the company will have 12 months to raise funds. By NBFC-AA, the only service that can be offered is account aggregation.

After getting the regulator's in-principle approvals, NBFC-AA (NBFC Account Aggregator) will have a timeframe of 12 months to put all the requisite technology and systems in place in order to conduct the aggregation business.

According to the RBI, a company that collects accounts from a certain financial sector under another regulator's control may be excluded from needing RBI clearance.

The RBI controls the NBFC-AA (NBFC Account Aggregator). These entities cannot conduct financial activity like other NBFCs.

The financial user will receive information from NBFC-AA on the customer.

Like other NBFCs, they are not permitted to engage in any fund-based activities.

At first glance, we cannot classify them as NBFCs by definition.

Account Aggregators are not permitted to use customer financial asset information for any other function.

Documents Required for AA License

01

PAN Card, COI, MoA and AoA of the Company

02

Statutory Auditor Certificate

03

Financial Statements of the Company

04

Board Resolution wrt activities of NBFC-AA

05

Declaration for IT Technology System

06

Details of the Shareholding Pattern

07

Details of Directors in the Company

08

Fixed Deposit Receipts in relation to NOF

09

Banker Report on Current Account

Fit & Proper Criteria for Promoters

Every Account Aggregator needs to comply with the following fit and proper criteria requirements in order to obtain an NBFC AA License:

01

Make sure a policy is established with the Board of Directors' approval for determining the qualifications of the directors, managing director, and CEO at the time of appointment and on an ongoing basis. The fit and proper criteria policy must follow the guidelines in Annex 4 to the Regulations.

02

Obtain a declaration and commitment outlining additional details about the directors, managing director, and CEO from the directors, managing director, and CEO. The declaration and undertaking must follow the guidelines in Annex 5's format.

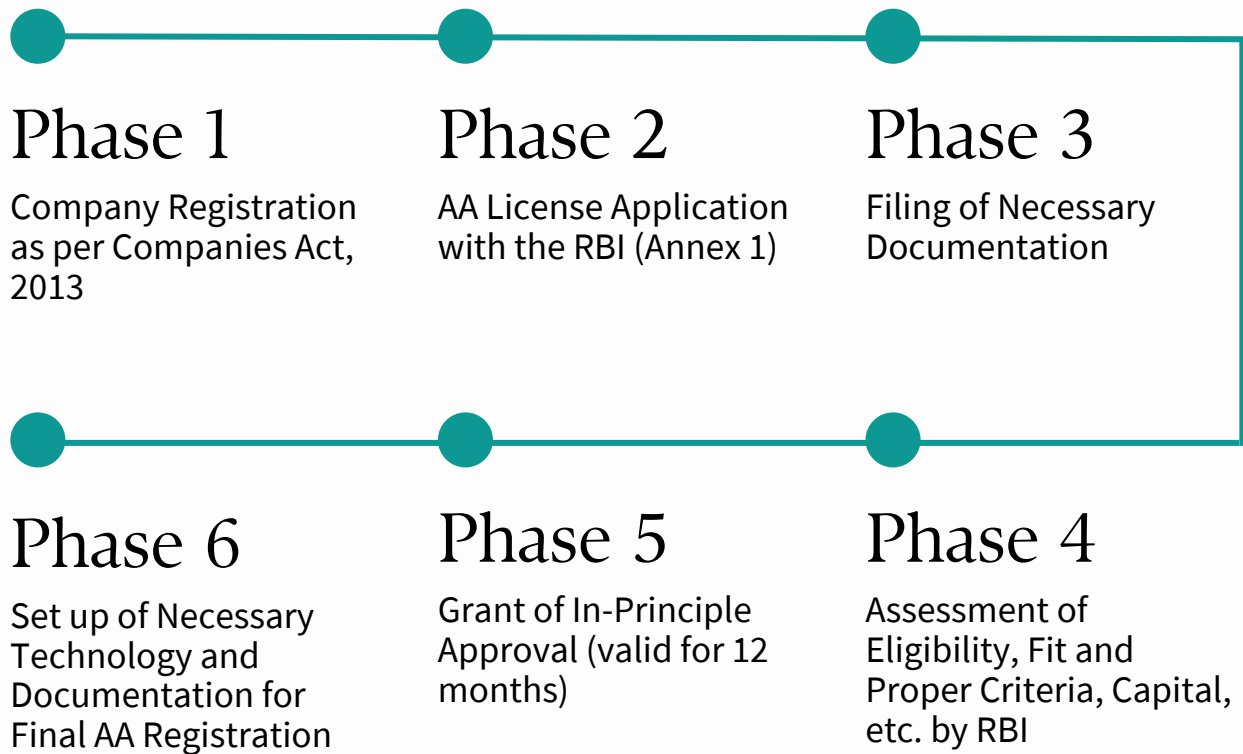
03

Obtain a Deed of Covenant in the form outlined in Annex 6 and have the directors, managing director, and CEO sign it.

04

Provide the Bank with an annual statement on changes to the board of directors, managing director, or CEO that has been properly certified by the statutory auditors to attest to the application of the right standards in the appointment of the directors. Within 15 days of the end of the fiscal year, the statement must be received by the Bank's regional office.

Registration Process for AA License



Consent Architecture

Without the customer's express consent, the Account Aggregator shall not retrieve, share, or transfer any of the customer's financial information. An Account Aggregator is responsible for acquiring, submitting, and monitoring the customer's consent. The Account Aggregator must receive the customer's approval in the form of a standard consent artefact that includes the information listed below:



Customer's name and optional contact details.



The nature of the desired financial information.



The reason for gathering such data.



The names of the information's recipients, if any.



Every time consent artefact is used to access information, a URL or other address must be specified to which notification must be delivered.



Date of creation, time remaining till expiration, identity, and handwriting or digital signature of the Account Aggregator.

Data Security Measures by an AA

01

**Robust IT Systems for
Protection against Data
Alteration/Destruction/
Disclosure/
Dissemination**

02

**Proper Authentication
and Verification
Mechanism**

03

**Adoption of Technical
Specifications by ReBIT**

04

**Disaster Risk
Management &
Business Continuity
Measures**

05

**Information System
Audits by CISA Certified
External Auditor**

06

**Employment of
Necessary APIs**



Customer Protection Measures by an AA

01

Appointment of Nodal Officer

04

Proper Customer Grievance Framework

07

Appointment of Grievance Redressal Officer

02

Board-Approved Pricing Policy

05

Adequate Corporate Governance Mechanism

08

Constitution of Audit Committee

03

Constitution of Nomination Committee

06

Detailed Risk-Management Framework

09

Public Notice about Change in Control/Management

Enterslice Services for Account Aggregator License

01.

End-to-End Assistance

All-Inclusive Assistance in Application Filing, Documentation, etc.

02.

Funding Guidance

Consultation about the right channels to obtain funding for your AA business.

03.

Liaising with Authorities

Complete application tracking, RBI replies and other liaising assistance.

04.

Digitally Driven Solutions

Global Operations with ease of access digitally through the assistance of AI.

THANK YOU

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