Digio Internet Private Limited

Account Aggregator: Product Guide

Version - 1.0.0

Digio Internet Private Limited

Introduction to Account Aggregator

Account Aggregator (AA) is a type of RBI regulated entity (with an NBFC-AA license) that helps an individual securely and digitally access and share information from one financial institution they have an account with to any other regulated financial institution in the AA network. Data can only be shared after the customer gives consent to an Account Aggregator (AA) to collect its digital financial data from several entities (Financial Information Providers or FIP) and deliver it to the financial institution that is providing services to the customer (Financial Information Users or FIU).

AA cannot store, process or sell the customers financial data and the data AA shares is encrypted by the sender (FIP) and can only be decrypted by the recipient (FIU).

The Account Aggregator ecosystem contains three main entities:
1. Financial Information User (FIU)
2. Financial information Provider (FIP)
3. Account Aggregator

Financial information Users (FIU) and Financial Information Providers (FIP) are entities registered with and regulated by the financial sector regulator. These can be bank, banking company, non-banking financial company, asset management company, depository, depository participant, insurance company, insurance repository, pension fund, Goods and Services Tax Network (GSTN) and such other entities as may be identified by the Bank from time to time.

Financial Information Provider (FIP): FIPs are institutions that generate and hold consumer data. Some of the examples are
1. **Banks**: (information on current/savings account, transactions, and balances),
2. **Mutual Funds** (information of funds held, investment and withdrawal),
3. **Insurance**: (information about insurance schemes, the premium paid, and maturity date)
4. **GST Network**: (Information about the amount of tax paid and when)

Financial information User (FIU): FIUs are institutions that consume that data generated by the FIPs. Some of the examples areLenders:
1. **Lenders** (either banks or NBFC) who provide a loan to the consumer. They would need data from FIPs to assess the consumer's credit risk and later to monitor asset quality.
2. **Private Entities**: Private companies such as companies that provide personal finance management or wealth management offer respective services. Innovative personal

finance management solutions can be built for users for MSMEs (in tier 2 and tier 3 markets who use applications such as KhataBook and OkCredit)
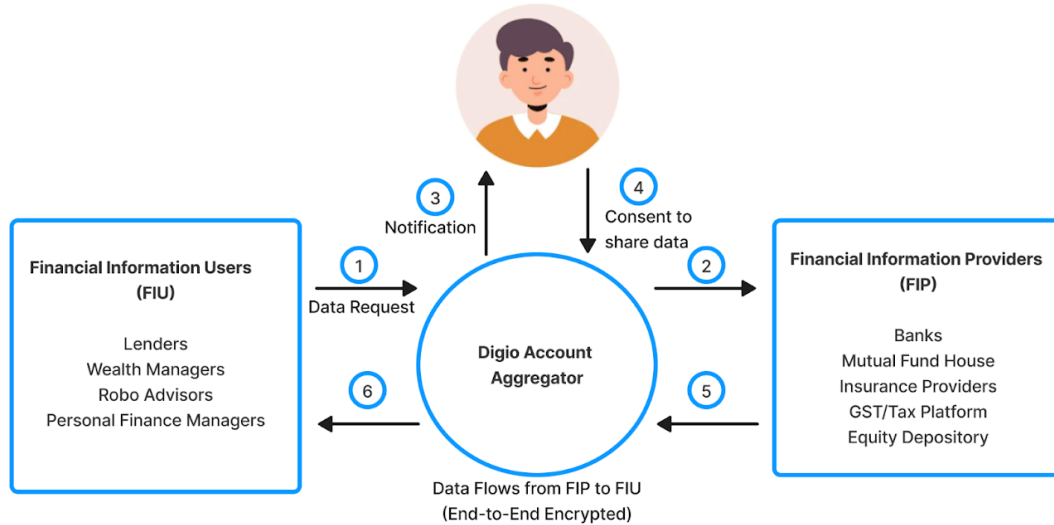
Business Use Cases:

1. **Lending**: With consent of customers, Lenders can offer customers more accurate, faster and customized loan products with more loan applications that can be processed at the same time. Since customer data can be accessed real time, lenders now can monitor loan accounts post-disbursement for early intervention and lower loan loss provision. AAs can help lenders DERISK their loan book, reduce NPAs and increase the velocity of safe lending.
AAs allow lenders to access underserved segments as only 15% of MSMEs in India have access to formal credit. Lenders now can give lending based on the borrower's business cash flow.

2. **Personal Finance Management:** Empowering customers to take control of their finances with real time spend analysis, forecasting and budget information, and giving them a complete picture of their financial health. From a single-window, customers can keep track

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of their finances, create financial plans and achieve financial goals. It will be a transition away from low financial literacy and towards financial empowerment.

3. **Wealth Management:** With all the financial data of the customers in a single platform, AA can compile them and share it with relevant financial institutions who will be able to provide personalized wealth management solutions according to the customer portfolio. AAs can help in growing this market size as wealth managers can devote more time on getting more clients while technology will aid them in their day to day operations.
Assets under management by Robo Advisors will be $6.2 Trillion by 2027. Many in India are now investing in Mutual Funds through Robo Advisory apps. If these apps have real-time access to your financial data the Robo advisor can give far better-informed decisions.

4. **Reconciliation of Accounts:** MSMEs are the backbone of the Indian economy and contribute 27% towards the GDP. Currently, MSMEs use financial accounting packages for reconciliation and have to share their financial data and credentials. With AA, reconciliation can happen in real-time with no human intervention and no security and privacy risks. Moreover, the customers can track their data in real-time.

5. **Maintaining Health Records:** With AA, users can keep all their health related data in one place. Health tech companies, diagnostic centers, hospitals, others can access their patient's every health data (with their consent) in a single readable consolidated format and provide a faster and better diagnostic to the issue due to availability of more information

6. **Buying Insurance**: Maintaining the financial and health record in a single platform can ease up buying insurance as this can help the customers get better insurance premium quotations depending upon the data and also help insurance companies better underwrite the said policy.

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