

16th March 2016

Chief General Manager,
Reserve Bank of India,
Department of Non-Banking Regulation,
2nd Floor, World Trade Centre,
Cuffe Parade, Mumbai - 400005

Via Email to pnag@rbi.org.in , pthorve@rbi.org.in , cgmdnbro@rbi.org.in

Dear Sir/Madam,

Re: Comments on RBI's Draft Regulatory Framework for Account Aggregator Companies to facilitate Consolidated Viewing of Financial Assets Holdings

Certified Credit Research Analyst (CCRA) Community¹ and AIWMI² appreciate the opportunity to comment on the RBI's Draft Regulatory Framework for Account Aggregator Companies to facilitate Consolidated Viewing of Financial Assets Holdings.

Executive Summary:

We applaud Reserve Bank of India (RBI) for its attempt to lay new forward looking framework on Account Aggregator Companies to facilitate Consolidated Viewing of Financial Assets Holdings.

The comments below represent the views of members drawn from different categories of practitioners, including Credit Strategists, Credit Managers, Loan Syndication and Trading Members, Debt asset managers, Treasury managers, Investors, Banking professionals, Rating analysts and Academics.

The comments are a result of discussions conducted by the members of advocacy committee of CCRA Global Community, and do not represent the views of any one individual or section of the industry.

While bulk of the guidelines are procedural in nature, we have endeavoured to address some of your proposals below, specifically in cases where we think it would help Banks, involved stakeholders and ultimate consumers to meet the spirit of the guidelines and foster transparency in the system.

¹**The Certified Credit Research Analyst (CCRA)** is a comprehensive global education program designed to give an expert level understanding of Banking and credit markets to fresh graduates. It integrates the fundamentals of financial analysis, credit and Loan analysis, rating methodologies, credit strategy and structuring. It offers the tools a candidate needs to occupy key positions in the world of finance, private banking, credit ratings and fixed income domain. **The program is offered by AIWMI and NISM (National Institute of Securities Market, A SEBI Body) in India.**

²**The Association of International Wealth Management of India (AIWMI)** is a not-for-profit organization and a globally recognized membership association for finance professionals with affiliates in around 40 countries. AIWMI primarily focuses on the broad and strategic role of developing a more robust and forward-looking training infrastructure for the financial services sector and to promote more active industry involvement and collaboration in training and continuing education. AIWMI is offering advanced international certification programs along with a wide variety of high-quality executive education programs. AIWMI programs combine state-of-the-art knowledge and skills with practical experience and insights into the functioning of the financial sector. All AIWMI courses and educational events have an intense and pragmatic curriculum. Participants are exposed to the latest developments within the financial services sector. AIWMI plays a key role in guiding the development of the financial services sector. AIWMI works with key industry participants viz. the Government, the Regulators, the Industries/Associations, the Corporate, the Media and the General Public to achieve its objectives. Besides enhancing technical competence and professionalism in the industry, AIWMI organizes events and facilitates discussions to promote best practices in leadership and talent development in the financial sector with an aim to become Asia's premier centre of excellence for financial education. For more info visit www.aiwmindia.com or www.aiwm.org

General comments/Observations

Entity Name : Certified Credit Research Analyst (CCRA) Global Community and AIWMI			
Sr no	Section	Clause	Comment
1	3(1)	Definition of Account aggregator	<ul style="list-style-type: none"> The idea of Aggregator of Financial Assets is not new and is being used by various regulators, For E.g. SEBI has mandated consolidated fund statement for mutual funds etc. Ideally the job of aggregation is nothing but an IT function with privacy and security. We fail to understand on why being an NBFC should be a qualification criteria for becoming an aggregator? Ideally the concept is technology driven and frankly, any IT company can deliver on the same. Having an existing convention would scare away people from trying this at all. We think the aggregator function should be open to any technology company subject to net-worth and other fit and proper criteria.
2	3(ix)	Definition of Financial Assets	<ul style="list-style-type: none"> Ideally as customer I would want a complete picture of all my assets and liabilities. It doesn't make sense to have only assets at one place showing incomplete picture. The definition should be broadened to include financial assets and liabilities including loans, credit cards etc. Also, schemes related to post offices like saving bank, PPF, Sukanya etc. also could be included to broaden the horizon. Ideally the Account Aggregator would be linking all customer data on some primary key or unique identification number (say PAN card, Aadhar etc.). It would make sense to simplify/unify the appropriate KYC guidelines for all such assets and allow customer to submit address/contact details changes requests at one go to all assets custodians via the portal itself. A Similar concept is in place via SEBI on mutual fund updates.
3	5(a)	Duties and Responsibilities of an Account Aggregator	<ul style="list-style-type: none"> The clause talks about appropriate authorization or agreements to be in place. A plain legal reading gives us an impression that this would lead to an interpretation that a tri-party agreement is required which can defeat the whole purpose. This would unintentionally be a burdensome legal requirement. The clarification should be placed to ensure that agreements are between aggregator and customer backed by aggregator and banks.

4	5(e)	Other business for Account aggregator	<ul style="list-style-type: none"> It mentions that the aggregator shall not undertake any other business other than the business of aggregator. The draft guidelines are silent on what can be the Revenue Model of an aggregator. Without any guidelines on the revenue sources of the aggregator apart from Fees (say big data analytics, consumer research etc.), this clause can deter anybody trying to get into this business or even fail the entire concept. Ideally Aggregator would be a logical combo of risk profiling, financial and money planning, customer literacy etc. Even otherwise, the aggregator should be allowed to provide other related services, even if as part of another group entity else it would be unsustainable.
5	5(f)	Customer Information	<ul style="list-style-type: none"> This seems to be an inadvertent error and would render the whole model null and void if read in plain sense. Every time, the aggregator accesses data from the service providers for financial assets to process/transmit, it would have a complete ownership of the data in order to check the validity/wholesomeness of the data. The data may be a carbon copy, but technically, the Aggregator would always have some copy of the data. We can place safeguards around customer privacy, but aggregator is not just a collating medium, but it would act as a trial balance for customer.

Closing Remarks

RBI has taken an important step in formulating the Regulatory Framework for Account Aggregator Companies to facilitate Consolidated Viewing of Financial Assets Holdings.

Certified Credit Research Analyst (CCRA) global community and AIWMI appreciate the kind opportunity to comment on these proposed changes. We hope that RBI finds the comments useful in analysing/deciding the proposals/framework.

AIWMI and CCRA Global Community will be happy to provide deeper analysis on any of the issues discussed in this comment letter. We would be very happy and keen to engage further with RBI via in person meetings or otherwise to present our views.

If you have any further questions or seek clarification, please do not hesitate to contact Biharilal Deora at +91 99308 37335 or Biharilal@aiwmindia.com or Biharilal.deora@gmail.com

Sincerely yours,

Biharilal Deora CFA, FCA, CFP, CIWM, CIPM
Principal Advisor – AIWMI
CCRA Global Community, India

Acknowledgements: We want to thank our CCRA Global community volunteers specifically [Rajni Dhameja](#), [Gautam Jain](#), [Pranjal Modi](#), [Mahendra Singh Shekhawat](#), [Kushal Jadhav](#) and [PromitSen Gupta](#) who have helped us collate/prepare/write the comments along with market statistics for this comment paper.