



# **LENDING THROUGH ACCOUNT AGGREGATORS**

DECEMBER 2023 REPORT





# ACCOUNT AGGREGATOR ECOSYSTEM: AN OVERVIEW

The Account Aggregator (AA) framework aims to enable Open Banking and Open Finance in India through a consent-based data-sharing mechanism facilitated by specialized entities called Account Aggregator. AAs enable consumers to control, manage and use their financial data stored across institutions and sectors for availing affordable financial services using their data as information collateral.

Since its launch in September 2021, till December 2023, the Account Aggregator (AA) ecosystem has leapfrogged to 420 financial institutions, 38.95 **million accounts** linked, and **40.08 million consents** fulfilled successfully. By 31st December 2023, financial accounts with the facility to share their data using AAs stood at **1.94 billion**. Out of the 23 financial information (FI) types specified by ReBIT, **16** are already live.

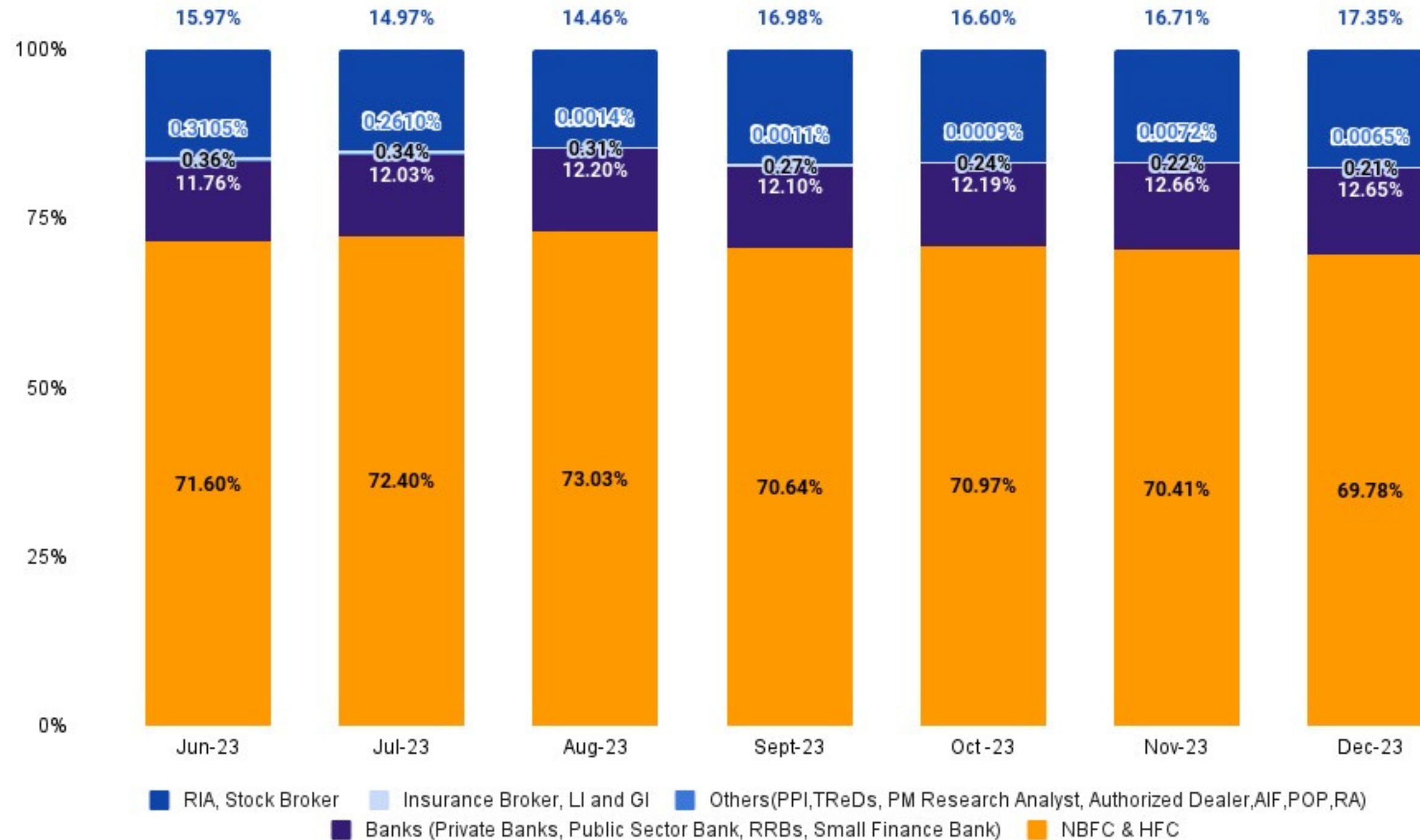
## STATE OF THE ECOSYSTEM IN 2023

Regulators	Number of FIPs	Number of FIUs
RBI	71	256
SEBI	42	66
IRDAI	29	40
PFRDA	3	1
DOR, MOF	1	-





# SUCCESSFUL CONSENTS ACROSS FIU CATEGORIES



Since launch in September 2021, the adoption and usage of AAs has rapidly increased across early adopters such as **NBFCs** and **RIAs** for use cases such as lending and wealth advisory. This first-movers' advantage is reflected in the share of successful consents in the chart. Although there has been an expansion in adoption, usage from insurance companies and PSU banks is yet to pick up. As the ecosystem matures\*, use of AA across different FIU category will significantly increase.

\*ReBIT recently released the insurance schemas, with which the adoption & usage of IRDAI FIUs will rise. Similarly, PFRDA recently delineated eligible entities under its purview to join the AA Network. RBI has also ushered mandatory reciprocity for FIUs under its jurisdiction, which will boost success rates. With these developments, usage across categories will to increase.



# HIGHLIGHTS OF THE REPORT



Cumulative  
Disbursement  
through AAs

**Rs 204 Billion**

Disbursement  
through AAs  
in H1 FY24

**Rs 129 Billion**



Cumulative  
Average Loan  
Ticket Size

**Rs 96,572**

Average Loan  
Ticket size for  
H1 FY24

**Rs 95,347**



Cumulative Loans  
Disbursed  
till date

**2.10 Million**

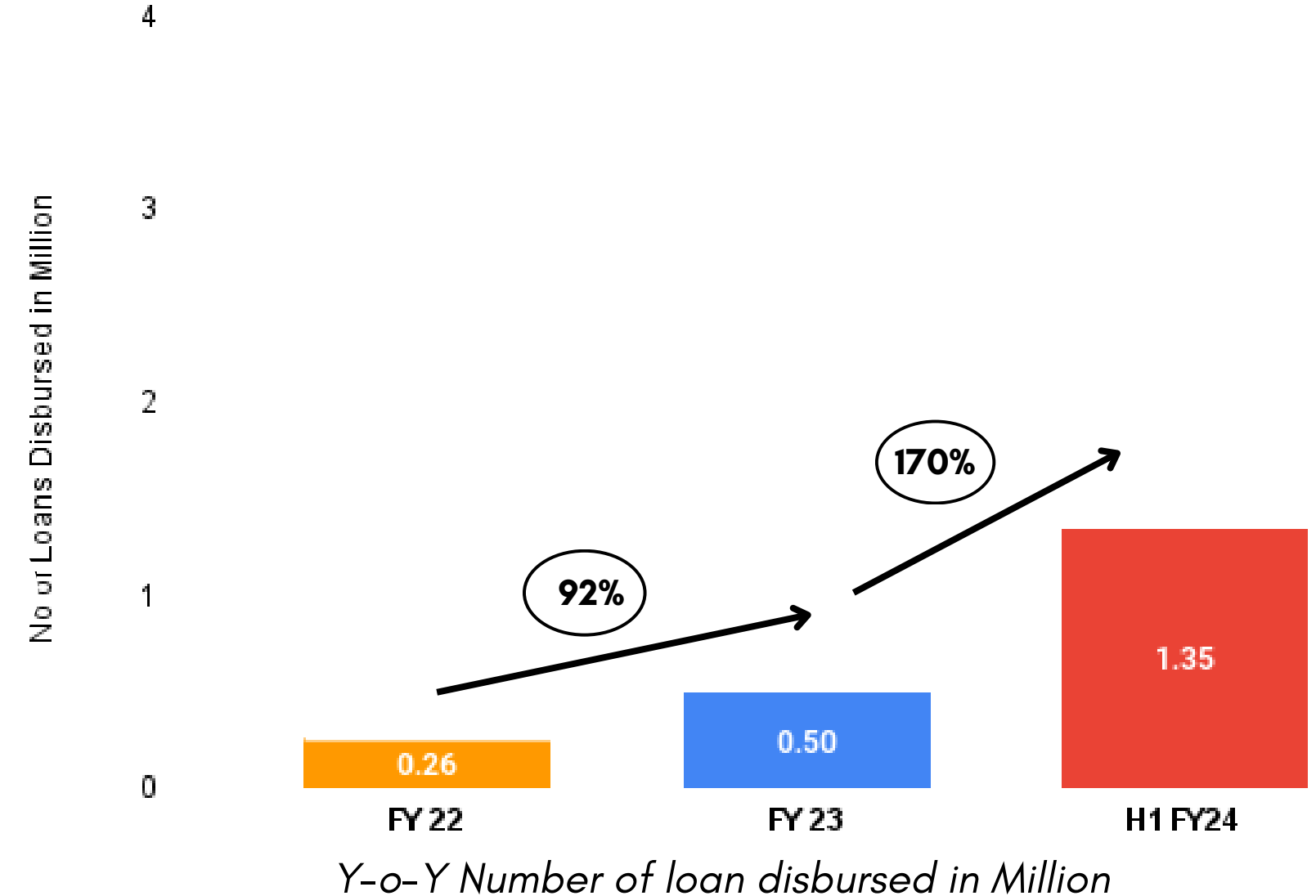
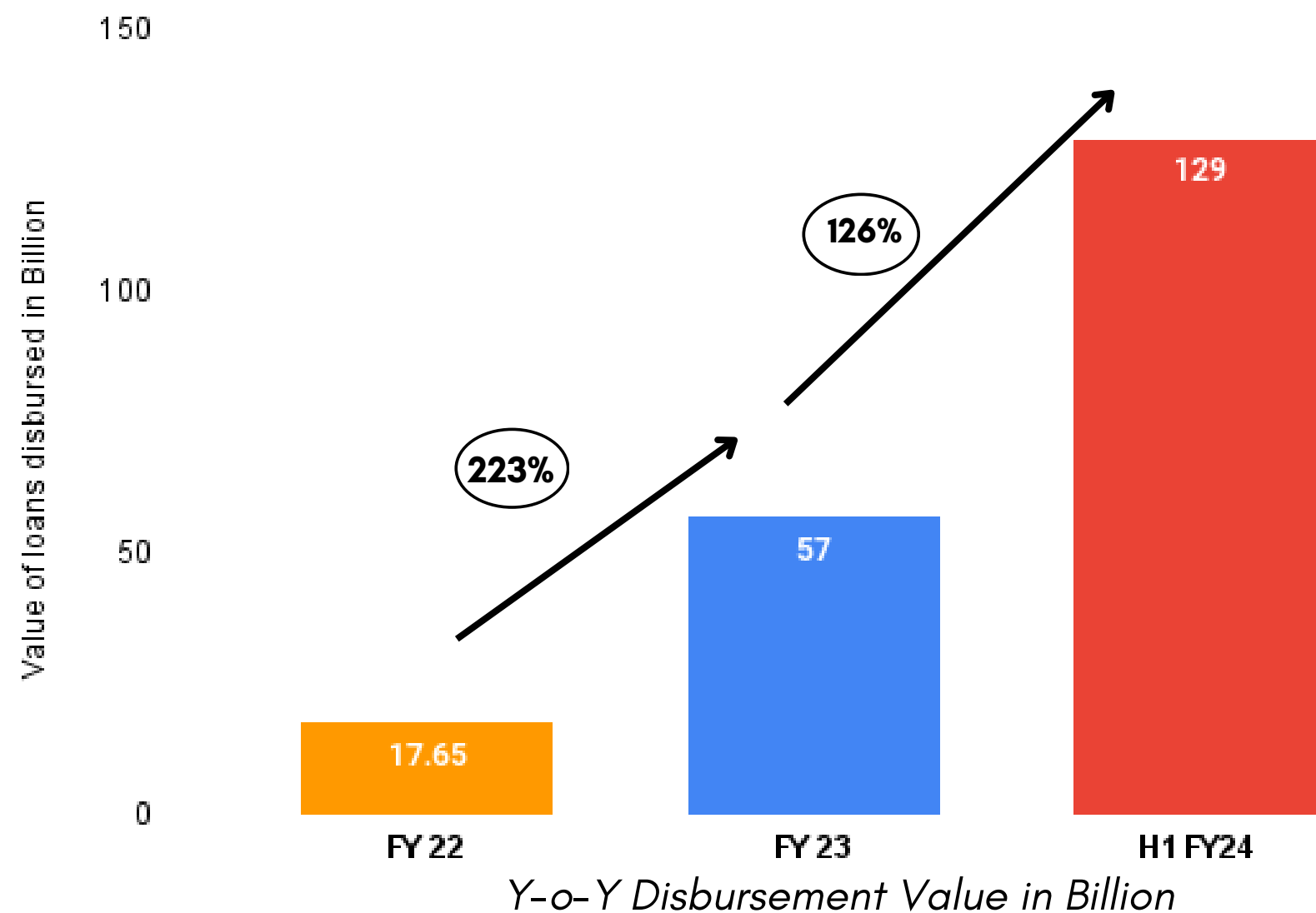
Total Loans  
Disbursed in  
H1 FY24

**1.35 Million**

The methodology of this report involves gathering data from leading lending FIUs that collectively account for **90-95 per cent** of consents successfully fulfilled. The additional information is triangulated with reasonable assumptions from the primary reference point, extrapolating the numbers to 100 per cent. Although the number of contributing entities fluctuate each year, a consistent approach is maintained by ensuring companies that account 90-95% of successful consents fulfilled contribute to the study. This ensures a robust and comprehensive analysis despite potential variations in the data sources over different periods.

**NOTE:** In FY22, data was contributed by 7 entities, followed by 11 entities in FY23, and 9 entities in H1 FY 24.

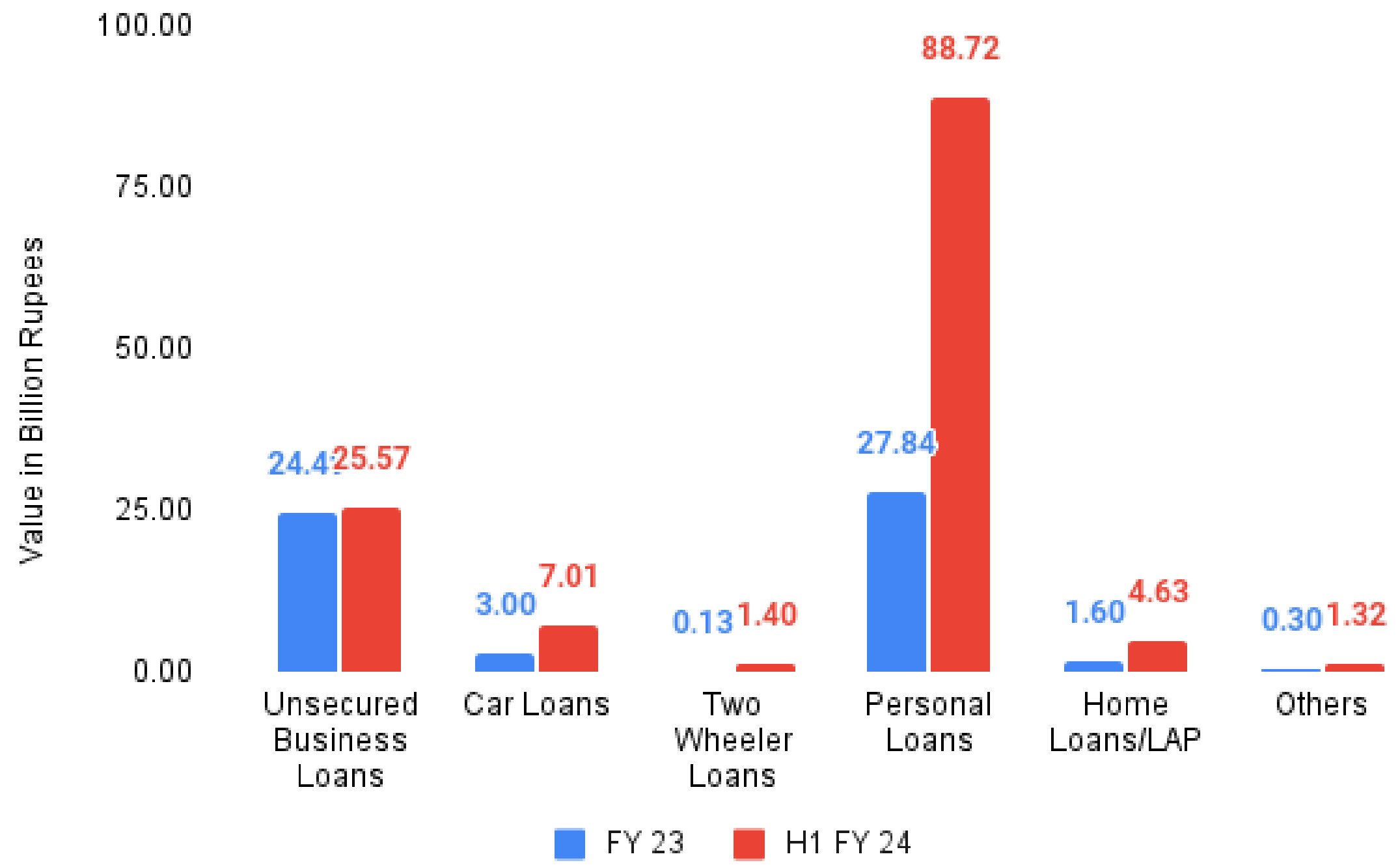
# Y-o-Y LOANS DISBURSED VIA ACCOUNT AGGREGATORS



Lending has been a major use case of the account aggregator (AA) framework showcasing rapid growth in the value and volume of loans disbursed. The year-on-year growth in the value of loans from FY22 has witnessed a CAGR of **170%** with **Rs 129 billion** disbursed in H1 FY24. Similarly, the volume of loans have steadily increased with more than **1.35 million** loans disbursed in H1 FY24. The average ticket size of loans have been Rs. 67,802 in FY22, Rs. 1,14,882 in FY23, and Rs. 95,348 in H1 FY24.



# VALUE OF LOANS DISBURSED: FY23 vs FY24 H1



The value of loans disbursed in H1 FY24 saw a phenomenal rise compared to the value of loan entire FY23. For Home Loans/Loan Against Property (LAP), affordable housing loan adoption has boosted the usage. The significant rise is attributable to the higher efficiency, lower cost of underwriting, zero fraud rates, and the ability to monitor loan accounts facilitated by AAs. These benefits explain the rationale behind the transition from existing data collection modes such as physical bank statements, digital PDFs, email scraping, and net banking to AA.

The Goods and Services Tax Network (**GSTN**) went live in August 2023. This tax data is poised to enable small ticket size loans to MSMEs by strengthening cashflow-lending. This will lead to a surge in unsecured business loans facilitated by AAs.



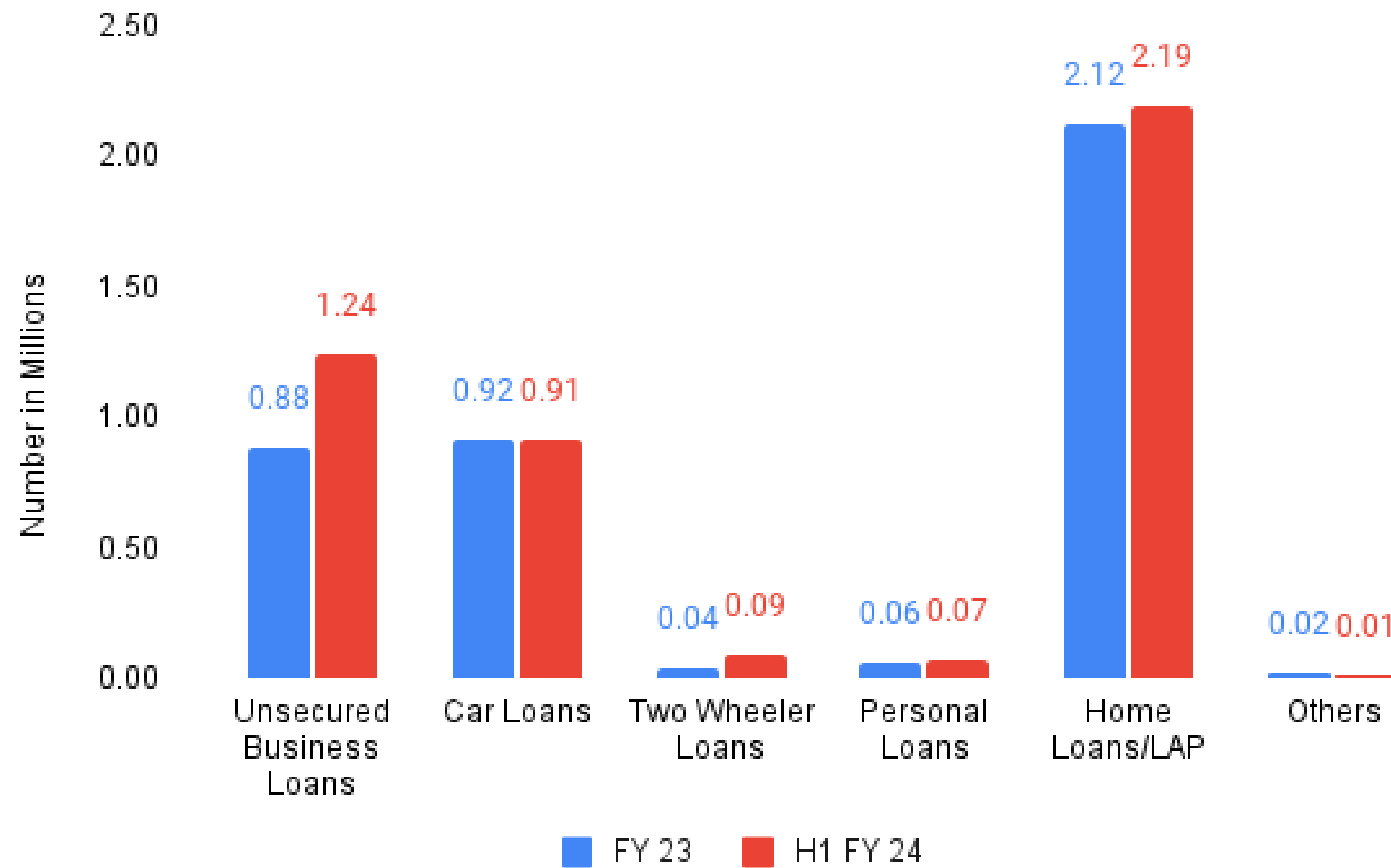
# NUMBER OF LOANS DISBURSED: FY23 vs FY24 H1

Category of Loans	FY 23 (in Millions)	H1 FY 24 (in Millions)
Unsecured Business Loans	0.28	0.21
Car Loans	0.03	0.08
Two Wheeler Loans	0.03	0.15
Personal Loans	4.52	11.90
Home Loans/LAP	0.01	0.02
Others	0.13	1.14

Loans disbursed through AAs have steadily increased with adoption. The volume of loans disbursed have witnessed growth across categories with Personal Loans topping the chart with 11.9 million loans in H1 FY24.

Digitally-active NBFCs have been the early adopters of the AA framework. AAs have made data-sharing convenient lowering consumer drop-offs. At the same time, by accessing data spread across silos, NBFCs have widened their funnel and improved conversion rates. These factors have contributed to the phenomenal disbursements in personal loans.

# AVERAGE TICKET SIZE OF LOANS: FY23 vs FY24 H1



As Account Aggregator (AA) usage broadened, lenders began employing AA for diverse use cases, extending beyond small-ticket personal loans to include high-ticket items such as affordable housing and car loans. Notably, the use of AAs is currently more prevalent among digitally savvy customers. These two factors contribute to the rise in ticket sizes of lending facilitated through AA. It is anticipated that these ticket sizes will persist until the utilization of AA extends to financially excluded consumer segments. Additionally, once cash flow-based lending based on GST data gains traction, it is expected to play a pivotal role in influencing ticket sizes in the future.\*

*\*This observation does not imply that lower ticket-size loans have not been facilitated. On the contrary, it might suggest that with a more comprehensive dataset for underwriting loan applications, institutions may be inclined to lend with a higher threshold. At the same time, new-age NBFCs which have demonstrated early success, are optimistic about AAs expanding the market for small-ticket personal loans.*





# ABOUT SAHAMATI

DigiSahamati Foundation (Sahamati) is the market-led industry alliance for the Account Aggregator (AA) Ecosystem in the country. Sahamati is a non-profit company incorporated under the Section 8 of the Companies Act 2013, dedicated towards institutionalizing consent-based data-sharing mechanisms through the AA framework. We are bringing together people & organizations from different backgrounds like finance, law, and technology to empower consumers with control over their data and access financial services. Take a look at services provided by Sahamati to the industry:



## Education

Workshops, Masterclasses, Blogs, Research Reports, Explainers & Newsletters



## Cooperation

Dispute Resolution, Legal framework, Support, and Technology Collaboration



## Common Infrastructure

Dashboards, Token Service, Central Registry, Encryption Library, & Spec Extensions



## Certification

API Standards, Onboarding, Security, Code of Conduct, and Transparency.