



# Report on Personal Finance Management facilitated by Account Aggregators

June 2024

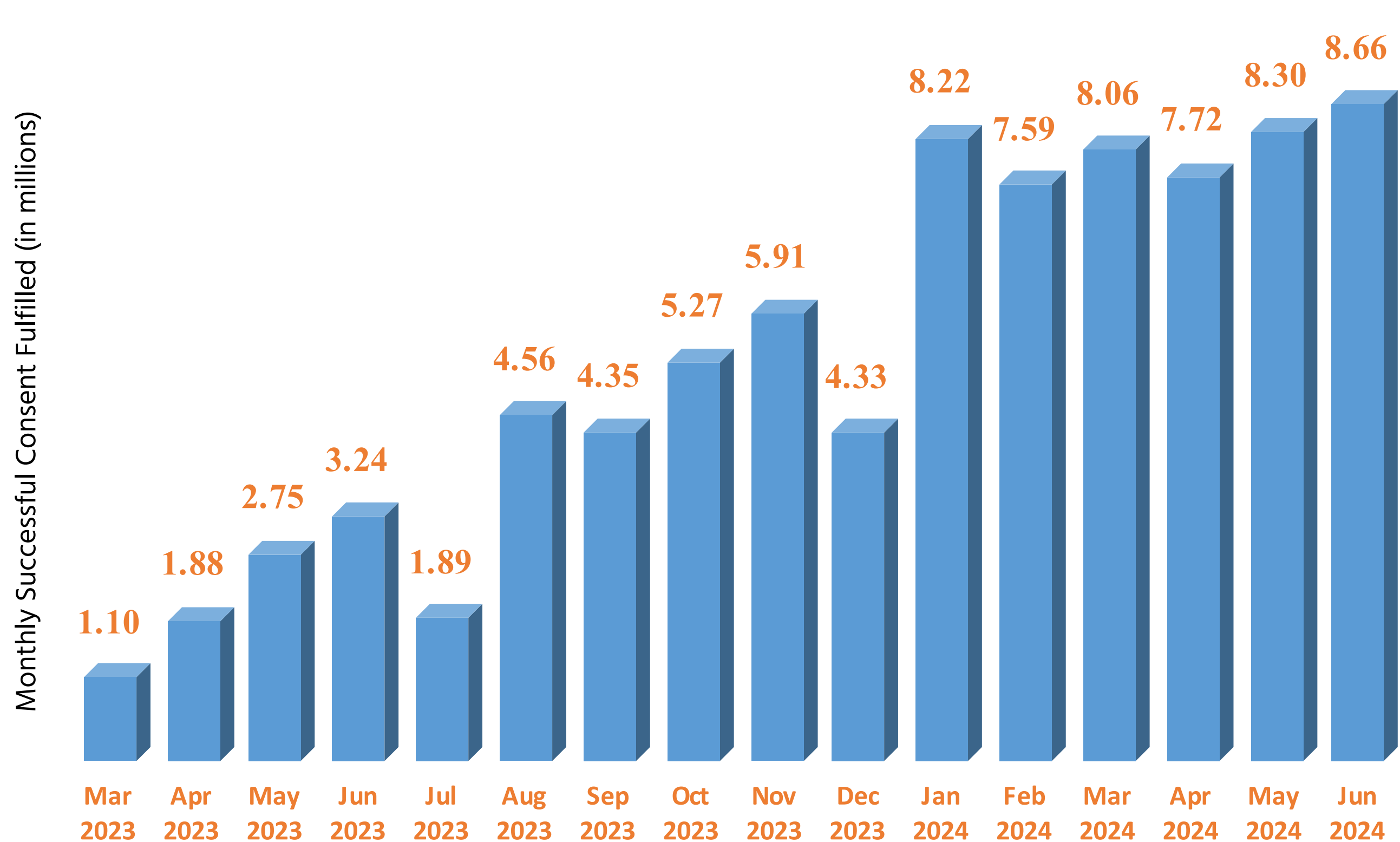




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# Status of the Account Aggregator (AA) Ecosystem



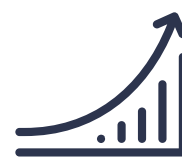
**155 FIPs**

across banking, investment, insurance, pension, and tax



**447 FIUs**

across the 5 FSRs and more than 20 license types



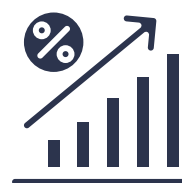
**88.63 million**

Cumulative successful consent-based data sharing transactions



**2.12 billion**

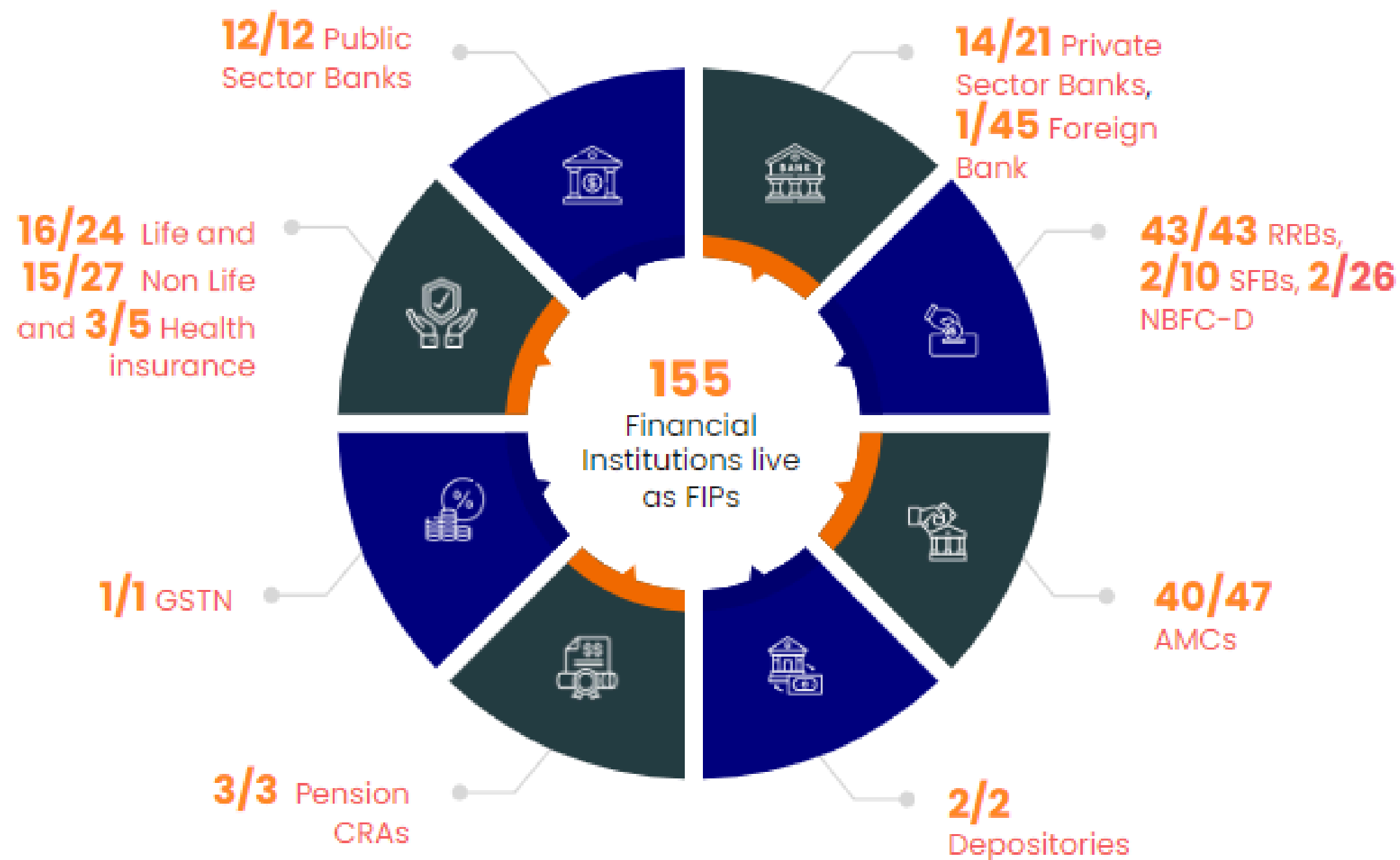
Financial Accounts (including **1.64 bn** bank accounts) in the AA ecosystem



**17% Monthly**

Growth Rate

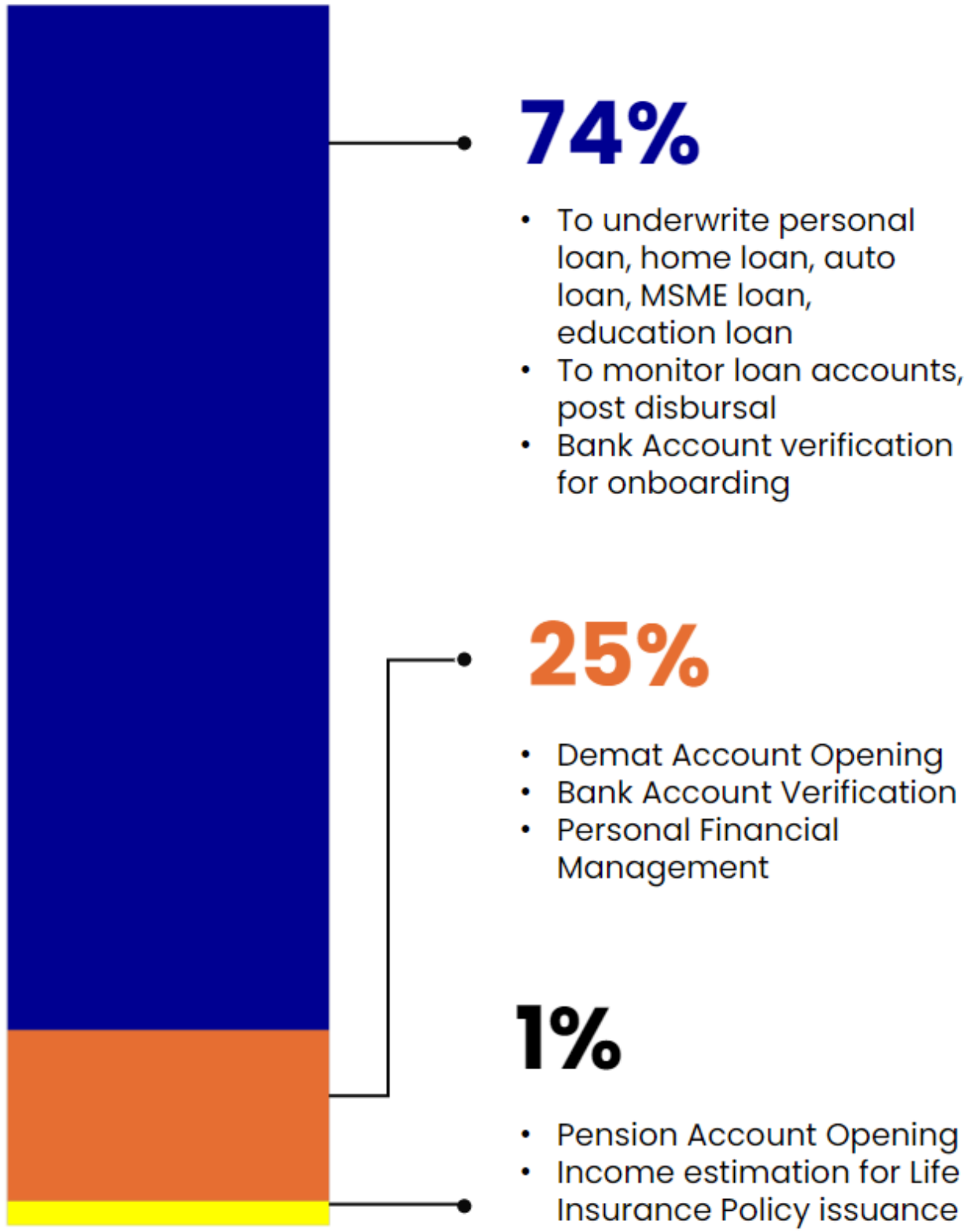
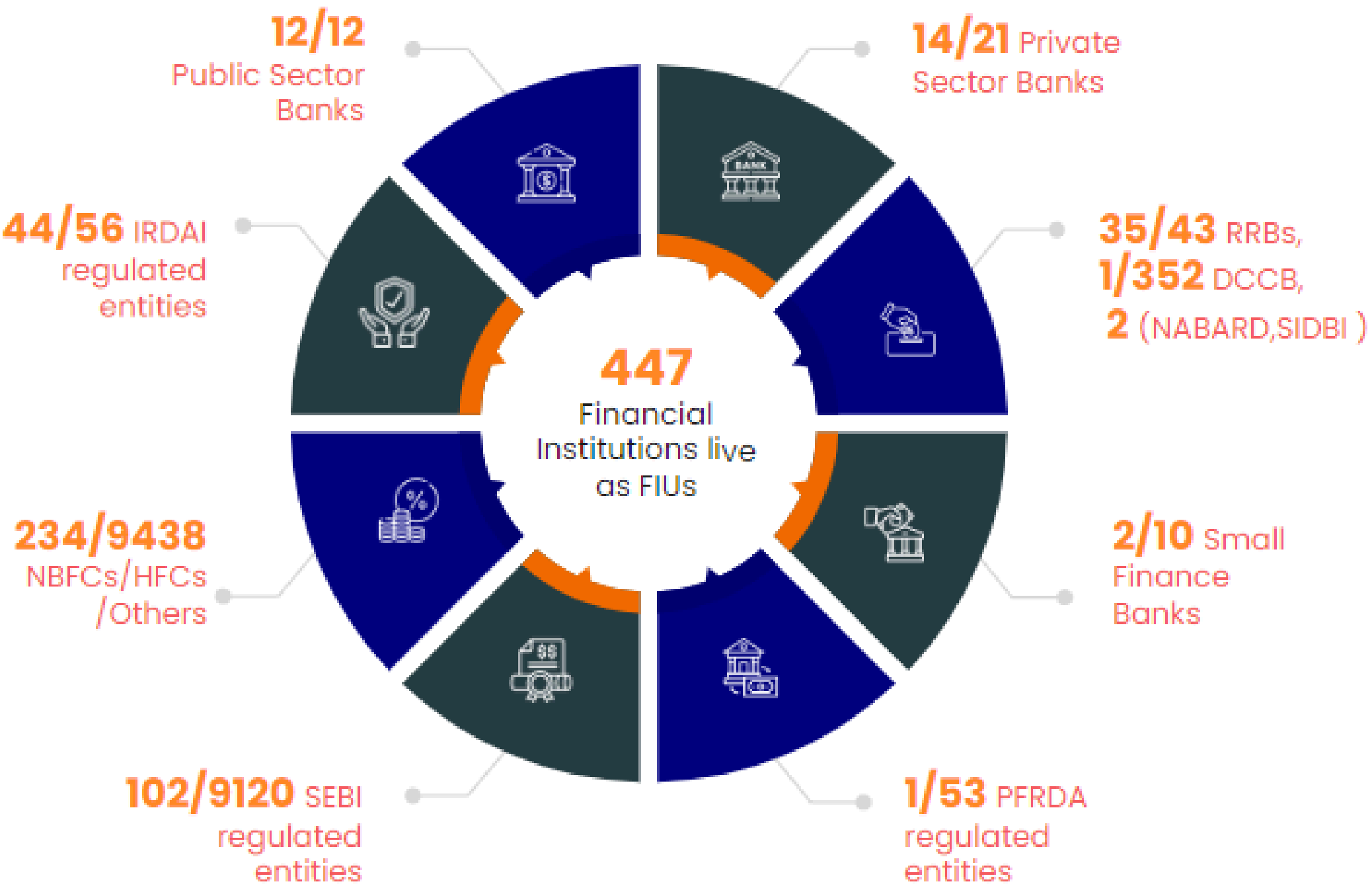
# FIPs and FI Types Live in the Ecosystem: Jun'24



Deposits (Singly held Savings A/Cs & sole-prop current A/Cs)	Term Deposits	Recurring Deposits
Equity Shares (Demat)	Exchange Traded Funds	Mutual Funds Units (Physical)
Insurance Policies	Unit Linked Investment Plan	Balances under National Pension System
GST Returns (GSTR 1 & 3B)	SIPs (Demat & Non Demat)	AIFs
IDRs	CIS	InVIT

In the infographic above, the ratio indicates the number of entities actively participating in the ecosystem relative to the total number of entities holding the specific license type.

# Live FIUs and Usage across Use-cases: Jun'24



In the infographic above, the ratio indicates the number of entities actively participating in the ecosystem relative to the total number of entities holding the specific license type.

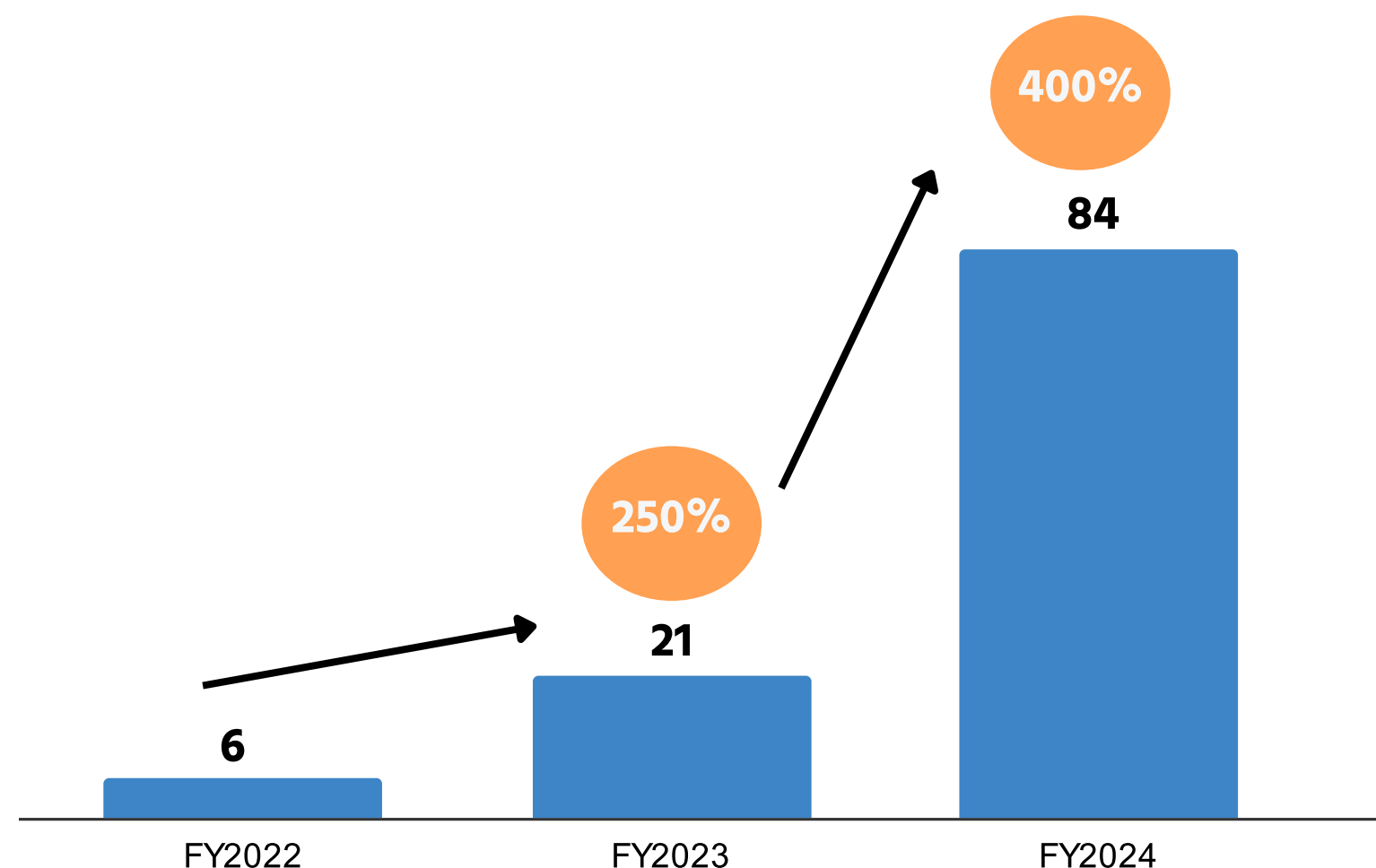


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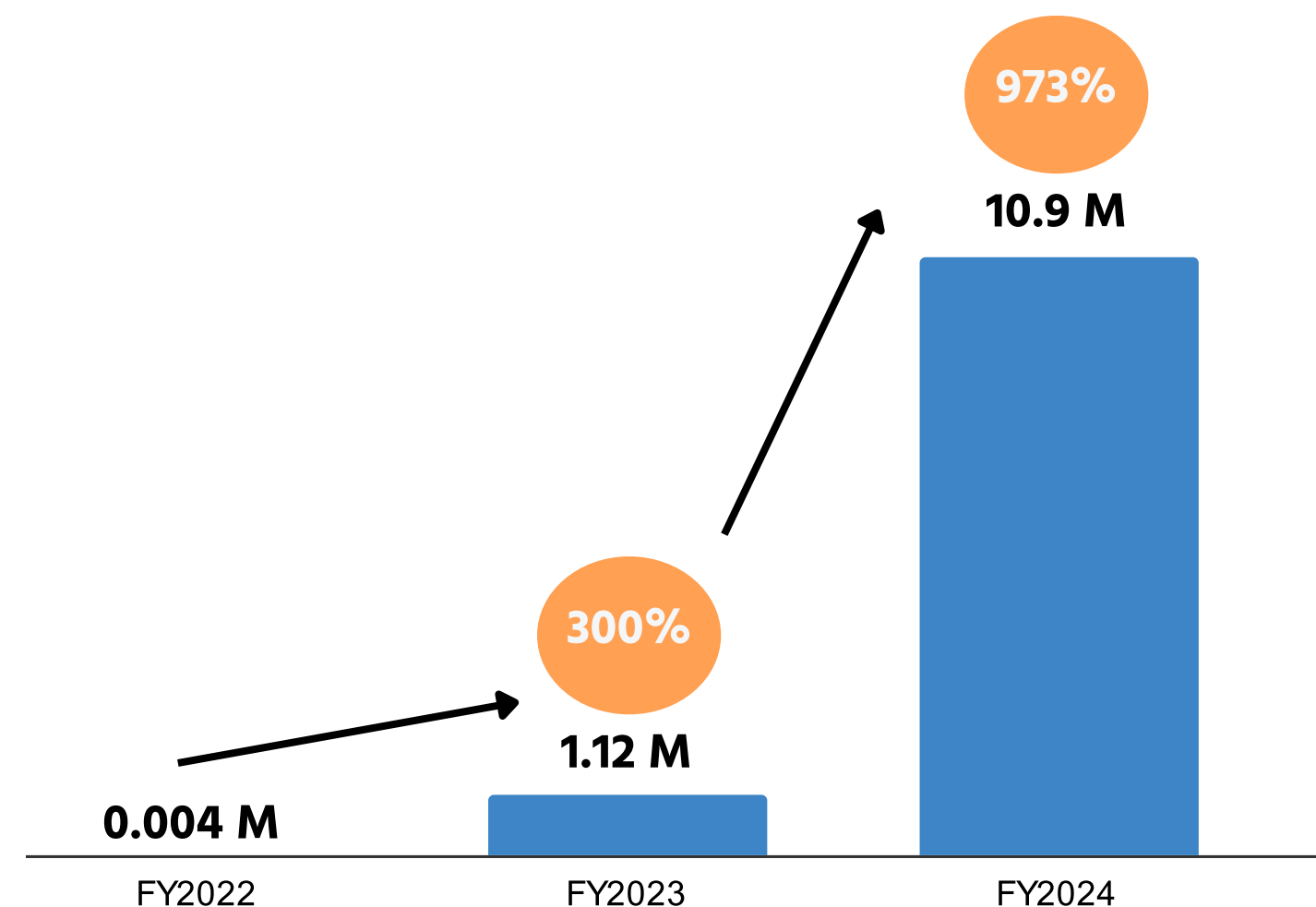
# Overview of Financial Information Users (FIUs) under SEBI



Number of SEBI FIUs in the Ecosystem



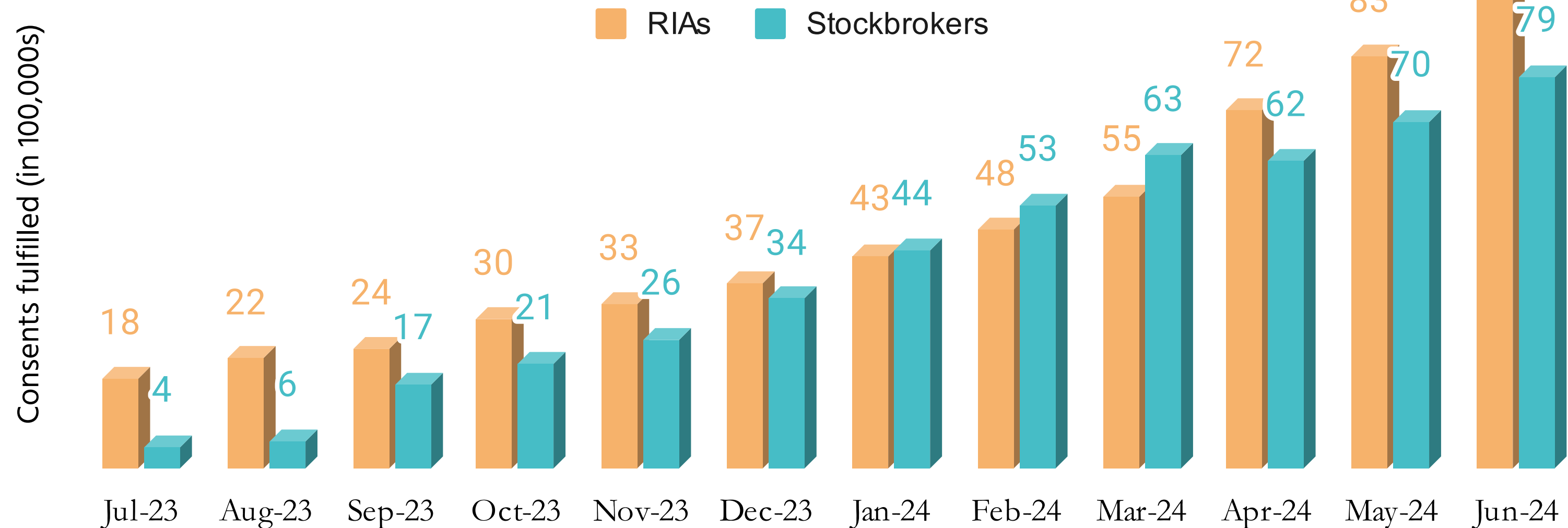
Cumulative Consents fetched (in million)



SEBI-regulated entities have been early adopters of the AA framework since its launch in September 2021. However, FY24 has witnessed **exponential growth**, with thrice the number of entities increasing participation. Similarly, the usage from SEBI FIUs saw **significant increase** as reflected in the number of consents taken multiplying almost **9 times**.



# Cumulative Consents taken by Registered Investment Advisors (RIAs) & Stockbrokers: Jul'23 to Jun'24 (in lakhs)



In the last one year, RIAs have maintained a higher volume of consents, significant presence and steady growth at **17% per month** throughout the year. In contrast, Stockbrokers, starting from a much lower base, experienced rapid and consistent growth at a **31% monthly rate**.





# Percentage Distribution of Cumulative Consents: Jul'23 to Jun'24

	NBFCs & HFCs	Banks	RIAs	Stockbroker	Insurers	Others
July 2023	71.58%	12.04%	12.1%	2.87%	0.34%	1.08%
Aug 2023	72.04%	12.16%	11.55%	2.88%	0.31%	1.05%
Sept 2023	69.70%	12.08%	10.14%	6.81%	0.28%	1.01%
Oct 2023	69.96%	12.16%	9.78%	6.77%	0.24%	0.95%
Nov 2023	69.42%	12.63%	9.47%	7.19%	0.22%	0.96%
Dec 2023	68.83%	12.62%	9.14%	8.16%	0.21%	0.93%
Jan 2024	68.33%	11.56%	9.34%	9.46%	0.20%	1.01%
Feb 2024	67.56%	10.99%	9.61%	10.49%	0.20%	1.05%
March 2024	68.35%	9.82%	9.54%	10.67%	0.27%	1.29%
April 2024	68.21%	9.28%	11.23%	9.61%	0.26%	1.35%
May 2024	67.75%	8.67%	11.91%	9.96%	0.25%	1.40%
Jun 2024	66.03%	8.00%	13.40%	10.12%	0.28%	2.17%

Registered Investment Advisors (RIAs) are one of the earliest adopters of the AA framework. RIAs have registered **steady growth in consents** taken with relative share stabilizing around **12-13%**.

This trend reflects adoption of AAs from other FIU categories which symbolizes maturity in the ecosystem. One of such categories have been the stockbrokers that have witnessed a **rise in the share of consents** taken from **2.87%** to **10.12%**.

Due to the use cases implemented by SEBI FIUs such as spend analytics and personal finance management (PFM), their share in actual data pulls are expected to be higher.



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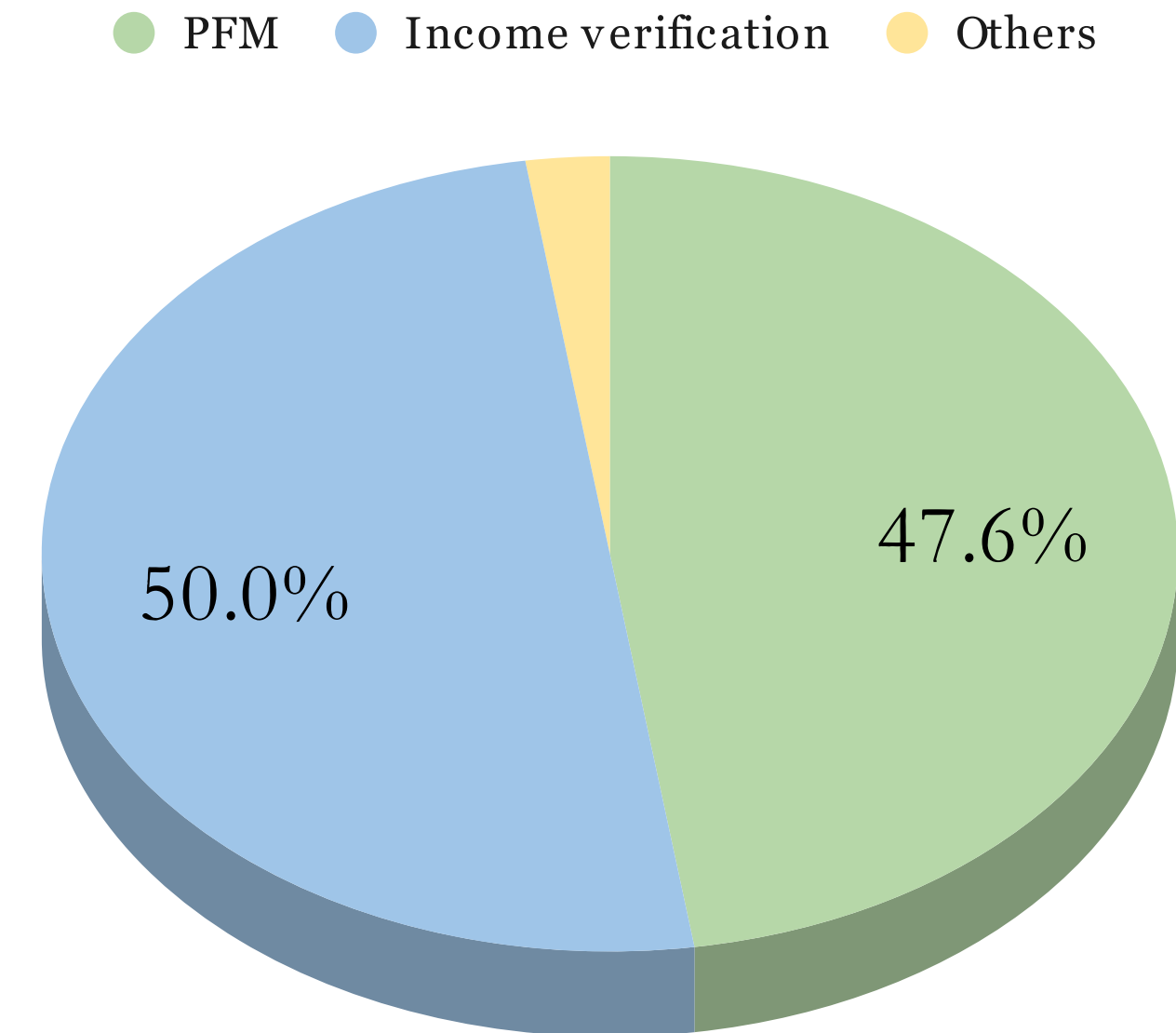
# Distribution of Primary Use Cases by SEBI FIUs: Mar'24

As of 31st March 2024, 84 SEBI-regulated entities across Portfolio Managers, Stockbrokers, Registered Investment Advisors (RIAs), and Research Analysts (RAs) have participated in the AA ecosystem as FIUs.

**50%** of all cumulative consents taken by SEBI FIUs have been used for **income verification** for Futures & Options (F&O) account opening as part of trading account opening. Almost **48%** of the consents have been utilized for Personal Finance Management (PFM), while only **2%** have been used for portfolio review and management.

This distribution highlights that, besides F&O income verification, PFM is the most robust use case for SEBI FIUs. We anticipate that advisory use cases will gain traction as the ecosystem evolves and PFM customers become more mature.

NOTE: Use case data as per declaration from FIUs during Central Registry entry. Additionally, we assume stockbrokers to have used AAs only for F&O income verification

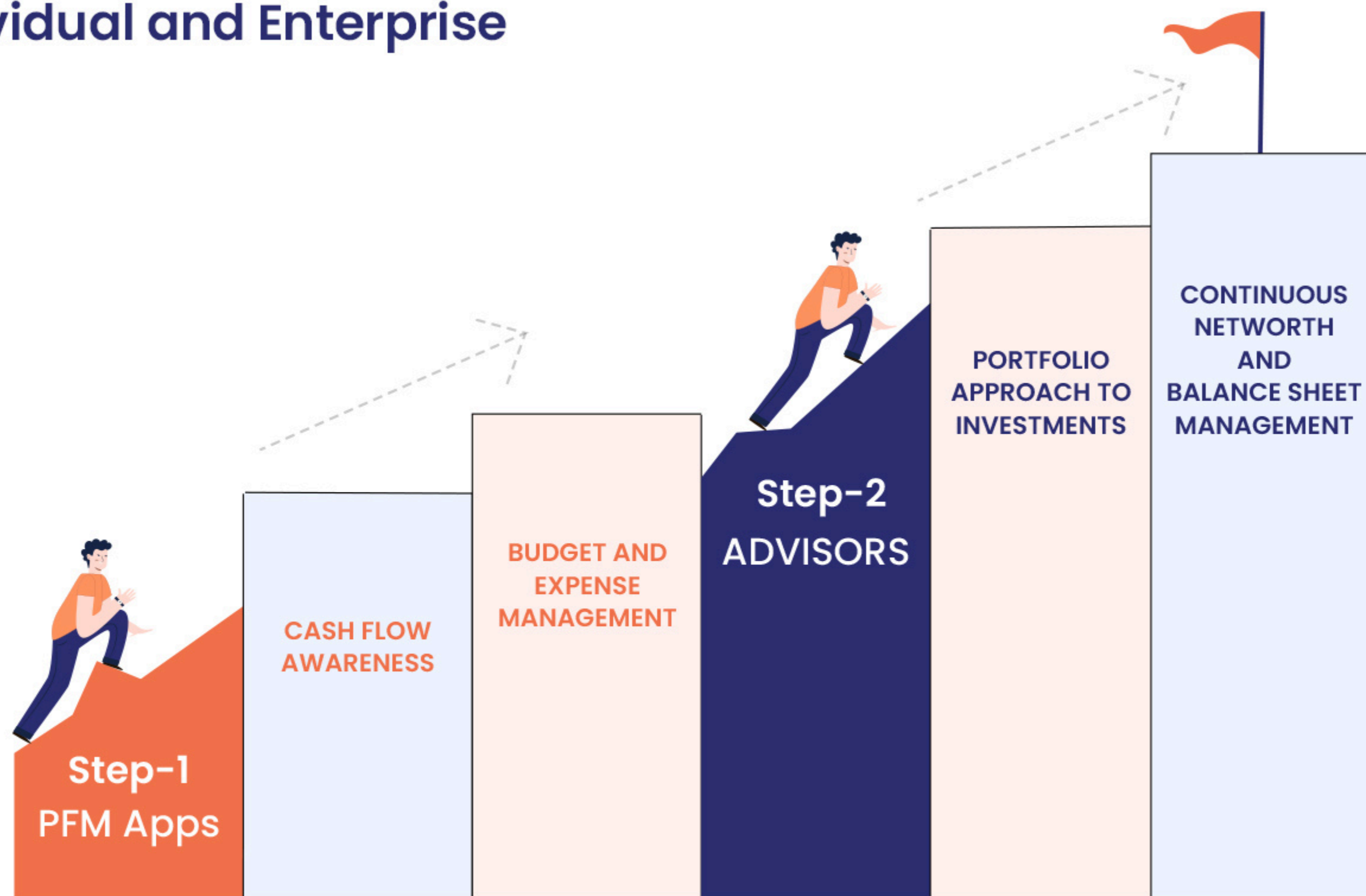


# AAs are expected to bring wholistic financial inclusion–beyond just credit

## A Balance Sheet for every Individual and Enterprise



More than 99% of Indian customers handle their personal finances without digital tools or apps.



### Definition of financial inclusion by RBI

“Process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost in a fair and transparent manner by regulated, mainstream institutional players”.



# Number of Registered Investment Advisors across the Globe



“We want a **million** investment advisors,” says SEBI Chairperson Madhabi Puri Buch. (Oct 4, 2023)

<i>Country</i>	<i>Number of RIAs</i>	<i>Population (in million)</i>	<i>Number of RIAs per million people</i>
<b>India</b>	<b>918</b>	1,400	<b>1</b>
<b>United States</b>	15,114	330	46
<b>United Kingdom</b>	5,573	67	83
<b>Australia</b>	15,677	26	603

The data analysis reveals a substantial gap in the availability of investment advisors in India, which has just **1 advisor per million people**. This low advisor-to-population ratio signifies limited access to personalized financial advisory for India's vast population. In contrast, countries like the United States, the United Kingdom, and Australia have significantly higher ratios, highlighting India's urgent need to expand advisory services.

- <https://business.outlookindia.com/invest/why-sebi-chair-said-india-needs-1-million-more-rias-but-not-indore-type>
- <https://www.statista.com/statistics/614815/number-of-rias-employed-usa/>
- <https://www.ibisworld.com/united-kingdom/number-of-businesses/financial-advisers/14542/>
- <https://www.marketmaven.com.au/insights/financial-advisers-in-australia>



# AAs Poised to Democratize Advisory Services in India

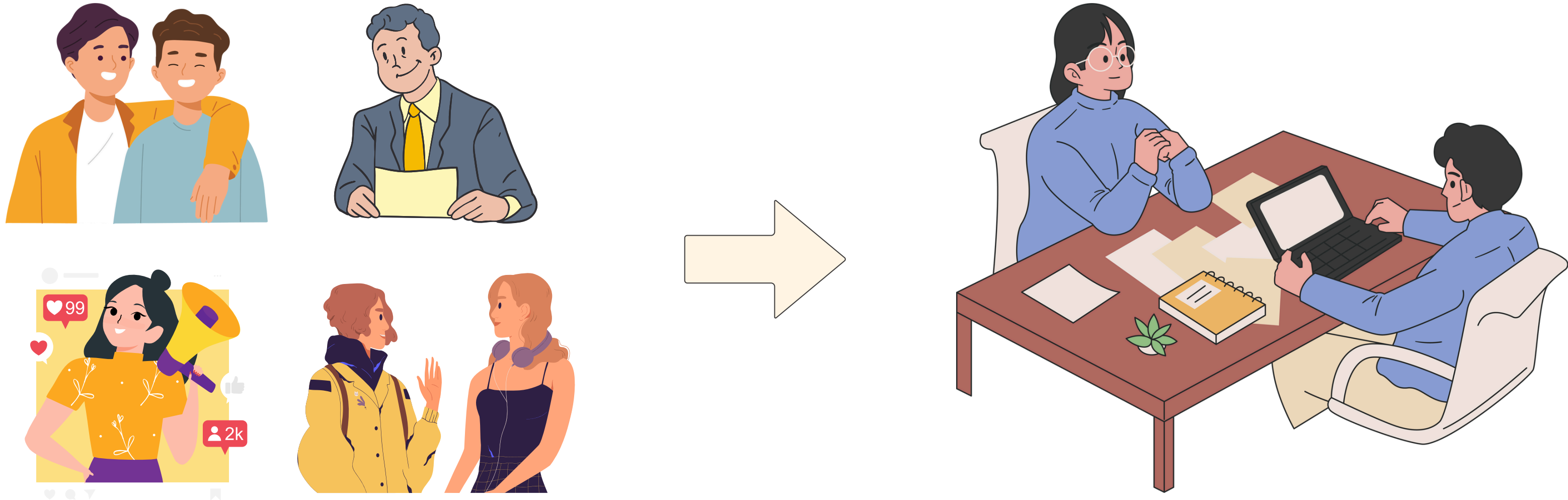


The current status of discretionary financial products in India is characterized by penetration primarily among High-Net-Worth Individuals (**HNIs**) and Ultra-High-Net-Worth Individuals (**UHNIs**).

The broader retail investor base has limited access to these services due to cost & awareness barriers. Indian customers have been traditionally accustomed to a **distributor-led model** that relies on intermediaries for product recommendations.

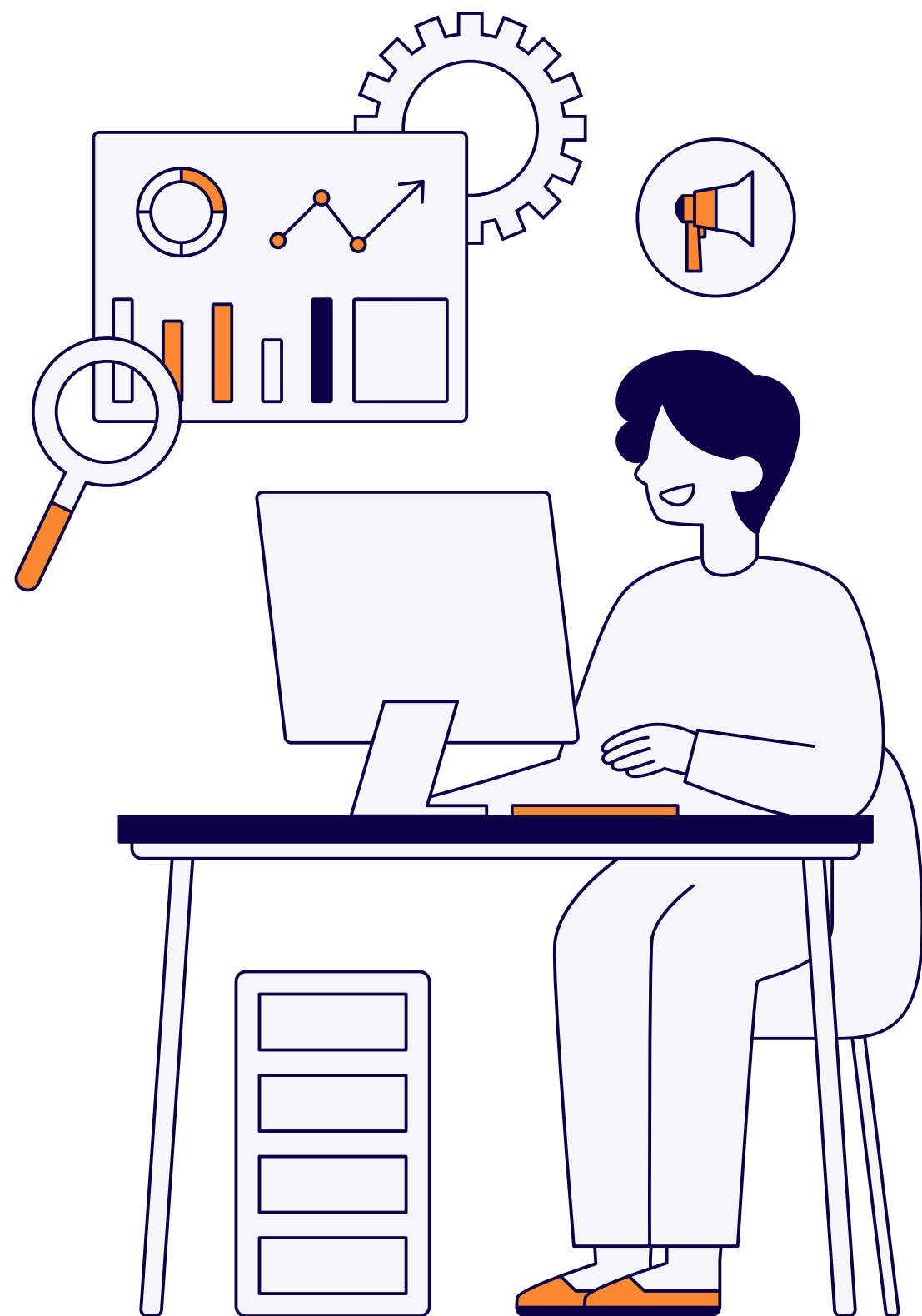
AAs can enable this shift by empowering entities with capability and trust offer advisory services. Equipping RIAs with scalable and viable business models as well as **operational efficiency**, AAs are poised to democratize personalized and customized data-driven advisory services.

# Progression of Financial Advisory from Informal & Distributor-led to Expert-driven



This shift is significant because advisors, unlike informal network of friends, family, and acquaintances as well as influencers, tax planners, and distributors, **have capabilities and a fiduciary responsibility** to act in the best interests of their clients. This ensures that investments are made with the client's long-term financial well-being as the primary focus.

# Methodology for the Personal Finance Management Report



Sahamati conducted a survey of the top SEBI FIUs in the AA ecosystem that have integrated PFM as a primary use case. Data was collected from **4 RIAs** that account **approximately 60%** of total consents taken by RIAs in FY23 & FY24.

Three RIAs have provided quarterly cumulative data from FY23 to Q3FY24, while one reported cumulative data for FY23 and FY24. To estimate Q4FY24 data, we extrapolated the Q3FY24 data benchmarked on the **growth rate of consents**. This allowed us to project the number of customers served by these FIUs by the end of FY24.

We have extrapolated the reported numbers to **100%** of the consents taken by RIAs while assuming trends observed in the reported data to be representative of the ecosystem.



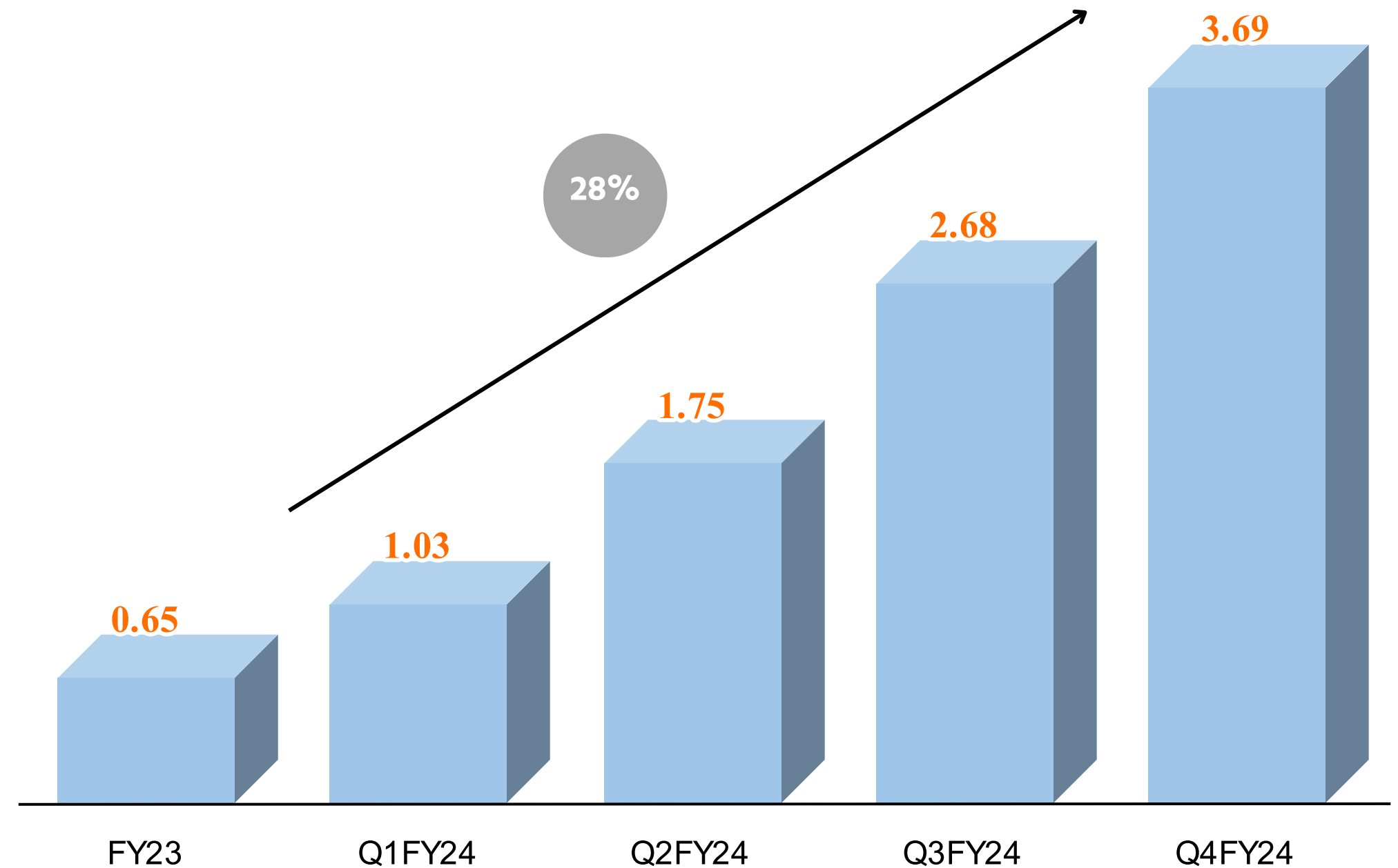


## Depicting PFM Usage of Contributing RIAs (in Million)

PFM as a use case has shown a significant uptake in the last 2 years. FIUs that account 60% of the consents taken have witnessed a **28% quarterly growth**.

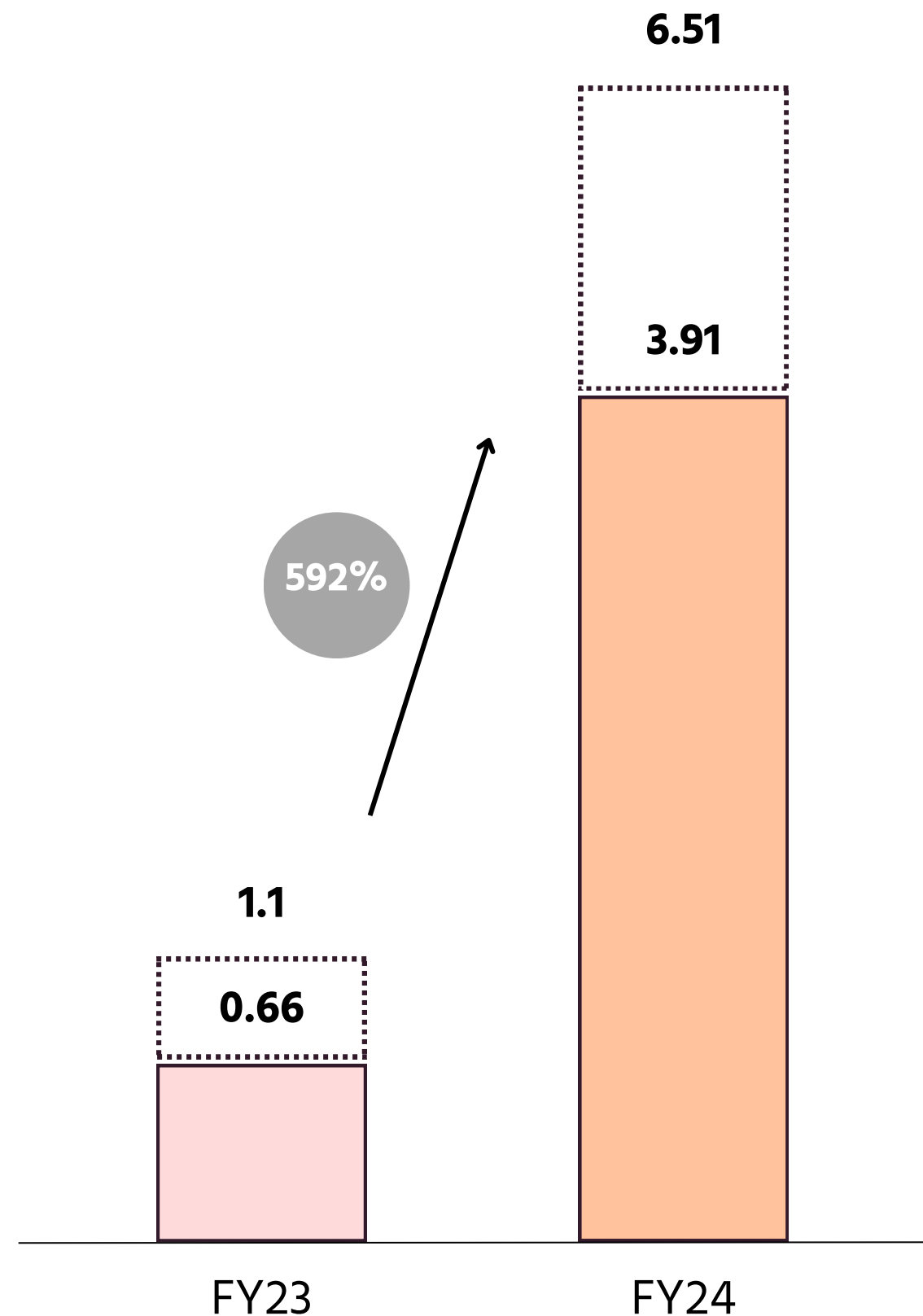
The rise in consents taken for PFM indicates a strengthening of the AA ecosystem on the supply side. The availability of cross-sectoral data from banking, investments, pensions, insurance, and GSTN, along with technical improvements in the ecosystem, has activated latent demand.

The AA ecosystem has fostered a broader acceptance and adoption of digital finance management tools among end customers.





# Total PFM Customers of RIAs facilitated by AA



The AA ecosystem has enabled PFM use cases to proliferate exponentially in the last two years. As the number of PFM customers almost reach **4 million**, the trend emphasizes **robust adoption** of AAs.

Among top contributing SEBI FIUs that comprise **60%** of consents taken, customers grew from **0.66 million** to **3.91 million** from FY23 to FY24.

Extrapolating the gathered data to 100% of consents taken, we estimate that more than **6.5 million** customers have used AAs for PFM by March 2024.

NOTE: The numbers presented are PFM app users and not necessarily unique users.



# Total PFM Customers across RIAs & Banks in the AA Ecosystem

**6.51 million**



**3.5 - 4 million**

Estimated PFM customers served RIAs in FY24

Estimated\* PFM customers served by banks in FY24

*Estimated total number of PFM customers served by all license types in FY24*

Thus, we estimate that in FY24 around **10 to 10.5 million** customers have used PFM tools and services provided by FIUs across RIAs and banks.

\*\* Through industry interactions, we estimate that banks serve almost half the number of customers served by RIAs

NOTE: The numbers presented are PFM app users and are not necessarily unique users.



# PFM facilitated by AAs: FIU Categories & FI Types

Personal Finance Management (PFM) is one of the most universally adopted use cases across various license types. While PFM requires diverse data types, the predominant focus remains on leveraging bank account information to deliver comprehensive financial insights.

Entities offering PFM	FI Types Required
Registered Investment Advisors	Bank Account: Cash Flow and Deposits ✓
Banks & NBFCs	Investment holdings (Demat) ✓
Stock Brokers	Mutual Funds (Demat) ✓
Portfolio Management Services	Insurance Policies (Life and General)
Asset Management Companies	Balances under NPS
Insurance Brokers & Corporate Agents	GST data for business'

# AAs offer a Superior Alternative for Accessing Data for PFM



Features	Scanned Documents	Digital PDF Uploads	Net-Banking Scraping	SMS & Email Parsing	Account Aggregators
DATA RECENCY	NO	NO	YES	YES	YES
SUCCESS RATES	LOW (5% - 10%)	LOW (5% - 10%)	MEDIUM (15% - 30%)	MEDIUM (15% - 30%)	HIGH (55 - 60%)
RELIABILITY	LOW	MEDIUM	MEDIUM	LOW	HIGH
DATA AUTHENTICITY	LOW	MEDIUM	HIGH	MEDIUM	HIGH
DATA PRIVACY	LOW	LOW	LOW	LOW	HIGH
CUSTOMER CONVENIENCE	LOW	MEDIUM	MEDIUM	MEDIUM	HIGH
TURNAROUND TIME	HIGH	MEDIUM	LOW	MEDIUM	LOW
COST	HIGH (RS 50 - RS 80)	MEDIUM (RS 30 -RS 45)	MEDIUM (RS 70 - RS 80)	MEDIUM (RS 70 - RS 80)	LOW
RECURRING DATA ACCESS	NO	NO	NO	YES	YES

# Insights from the PFM Impact Study



## Engagement Patterns

FIUs under the study have reported around **40% to 70%** customers that access the service through AAs, visit the application again, showcasing a strong engagement pattern for the PFM service.

## Cost Saving Framework

A digital-first RIA has reported a reduction in total cost of acquisition by nearly **INR 250 per customer**, resulting in substantial savings and increased operational efficiency.

As per self-reported data from FIUs.



## Financial Inclusion

AAs are expanding the reach of PFM tools & services to all sections of the society beyond HNIs. As per data reported by the FIUs, more than **0.4 million (4 lakh) women** have used AAs to manage their finances.

## Preferred mode of Data Access

FIUs have reported **single-channel, real-time data** access as the lever to increase and expand the market of PFM. Majority of the FIUs have built their PFM business solely powered by AA. Rest are planning to transition to AA in the near future.

# Testimonials from PFM Customers & Service Providers



"Extremely useful to keep a tab on all the transactions happening in all your accounts!"

Tijo Jose (customer)

"Customers are very happy since after linking their accounts through AA, they are able to track their expenses and find which merchants they are spending on. Also, they are able to get better insights on how they can save more and how they can plan for future financial goals."

Dhinesh Potruru (INDMoney)

"Collecting data from the client is a long & tortuous process. In most cases, from the day the client agrees to share data to the day the client sees any glimpse of a plan, it is anywhere between 30 to 45 days. This time & cost associated have limited advisory services to a certain section of the society. But, with the AA ecosystem, investment advisors will be enabled to offer services to every person in India."

Harsh Roongta, Chairperson (Association of RIAs)







# 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. To know more about the ecosystem, contact us at [info@sahamati.org.in](mailto:info@sahamati.org.in)



## 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.