Data and Consent in Financial Sector

Things consumers must know
Overview

- Introduction
- Data & Consent - Paper World Financial Services
- Aadhaar, Digital Literacy.
- Data & Consent - Digital Financial Services
  - NBFC-AA / DEPA
  - PCR / Alternate Data Scoring
Data & Consent - Paper World

- Bank Account
  - KYC (Any ID, incl Aadhaar) + PAN - Consent to store, share
  - Transaction statement - Data Stored by bank.
  - Standing Instruction - Consent/Authorization to autodebit
  - Access Modes - Consent/Authorization to use modes like debit card, netbanking, mobile for accessing bank.
  - Aadhaar linking - Consent to link bank account to Aadhaar for purpose of subsidy + (??)
Data & Consent - Paper World

- Insurance (Vehicle, Health)
  - KYC (Any ID, incl Aadhaar) + PAN - Consent to store, share
  - Relevant data (Vehicle details, medical reports) - Consent to store
  - Standing Instruction - Consent/Authorization to auto debit
  - Consenting to Policy terms and conditions.
  - Transactional data.

- Mutual Funds, Equities, investments, Pension Funds.
  - KYC + Data + SI - Consent to store/share.
  - Brokers to execute trades.
  - Consent to T&C.
  - Transactional data.
Data & Consent - Paper World Misuse

- Banking
  - KYC Reuse
  - Signature Forgery
  - Sharing of data -
    - Credit Bureau, Mailers to old address, SMS
  - Cross selling.

- Insurance, MF
  - KYC Reuse
  - Misselling
  - Sharing of data - Mailers to old address.
Data & Consent - Paper World Recourse

- Banking
  - SMS Alerts
  - Address Updates
  - Grievance Redress Mechanism of bank, regulator (RBI Ombudsman).

- MF, Equities
  - Consolidated Account Statement.
  - Grievance Redress Mechanism of bank, regulator (SEBI Scores)
Financial Services - Data and Consent Flow

- Banking
  - eKYC / Video KYC
  - Mobile Banking - SMS Notifications (Consent!)
  - Debit cards, Credit Cards
  - Digital Payments - Wallets, UPI
- Intermediaries
  - Payment (Networks, Gateways, Processors)
  - CKYC Registry, FIU
  - Credit Bureaus
Digital Financial Services

- **Insurance**
  - Insurance Agents, Web Aggregators
  - Third Party Administrators
  - Payment Intermediaries
  - Mandates - Recurring payments.
Paper vs Digital Financial Services

- Slower, Time consuming.
- Costly for Industry
- Agency with user. (or so we think)
- Data travels slower.
- Databases are silos
- Personal Interface

- Faster, convenience
- Cheaper for industry (or so broadly)
- User need digital literacy to have agency.
- Data travels faster
- Data Aggregation is norm.
- A-personal Interface.
Privacy friendly approaches

- Data Minimisation
  - eKYC - Non Aadhaar, Multi ID, Virtual ID
  - SMS Notifications - Review SMS Permission on Phone
  - Debit cards, Credit Cards -
    - Virtual Cards
    - Saved Cards Feature.
Data Minimisation

Card number
Enter digits without spaces

Valid until

CVV
Last three digits on the card back

Card holder
Leave the field blank if card has not name

Pay
Digital Literacy - Aadhaar

- Aadhaar UID
  - No Photocopy
  - Biometric Lock
  - Authentication Lock
  - SMS - GVID<SPACE>Aadhaar-Number-last-4-digits to 1947.
  - Virtual ID
  - Aadhaar Token.
  - Aadhaar Masking.
Digital Literacy - Aadhaar

● Aadhaar Authentication
  ○ Demographic
  ○ Biometric
  ○ OTP

● Aadhaar Authentication
  ○ Authentication.
  ○ Authorization - Consent / eSign Contract.
  ○ Financial Authorization - eMandate
Digital Literacy - Digital Signatures

- Signing Digital Contracts using DSC
- Aadhaar eSign
  - OTP Based Authentication.
- HTTPS - Green lock - Encrypted, Tamper Proof
- Legal Validity of Signatures
- Digital Bank Account Opening, Online Insurance, Digital Lending
Digital Literacy - eSign, eMandate

- Aadhaar eSign
  - Review the document before signing.
  - Never share OTP
  - Validate Signatures in documents.
  - Revocability - Agency.

- eMandate (Netbanking, Card based, UPI)
  - UPI Mandates for IPO
  - Ensure fund availability.
Digital Literacy - Mobile App

● Review App Permissions
  ○ SMS Permission. Call logs, GPS Permission Review.

● Identify Fake Apps
  ○ Check if Company exists using Web / GSTN search.

● Identify Shady Flows
  ○ Webview inside app - High Risk.
  ○ Dark Patterns - Insurance while funds transfer. bill reminders

● Social Intelligence
  ○ App store reviews
  ○ Social Media search
Digital Locker

- Vehicle DL, RC
- Marksheets
- Health Locker
- Your data in shareable format
  - Right to correct data, information self determination.
  - Surveillance threat.
DEPA -- Finance -- NBFC-Account Aggregator

- Imagine UPI for data.
- Data currency taking away autonomy from individuals to systems which demand issued data.
- Consent Architecture has in-built business model tensions which could cause exponential market failures.
- Regulatory oversight apparatus in PDP / DEPA.
- Customer relation after a data run
- Over-consenting
Public Credit Registry

- Continuous, online Monitoring of all credit.
- Right to access, share data.
- Surveillance harms.
- Competitive tension with Registry and Bureaus
Alternate Data Scoring

● Everything is a scoring point
  ○ Browsing history, Installed apps, Places Visited, WiFi Hotspots, Food ordered, Movies watched, Cab rides taken, Payments to Hospitals, Pharmacies
  ○ Have a healthy mix of offline-online trails with mix of cash-digital modes.
  ○ Carefully share mobile number, Alternate mobile identity.
Digital Lending - E-liens

- Digital Credit will increase.
- eSign, eMandate variants without Aadhaar coming up. Need more awareness.
- E-Liens, suggested for MSME credit will fundamentally change formal loans are issued.
Summary

- Digital Financial Services & Data Economy can provide access, inclusion at a fraction of cost - but need strong awareness / digital literacy to sniff pitfalls, market failures.

- Consumers and Service Providers have differing interests, extends to data, data extraction for profit maximisation.

- Continue engaging at all levels (online, tech, policy, regulation, law) to protect consumers in digital world for sharing benefits of digital economy fairly.
Thank you
Q&A
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