

# 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

CW

Last three digits on the card back

Card holder

Leave the field blank if card has not name



# 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

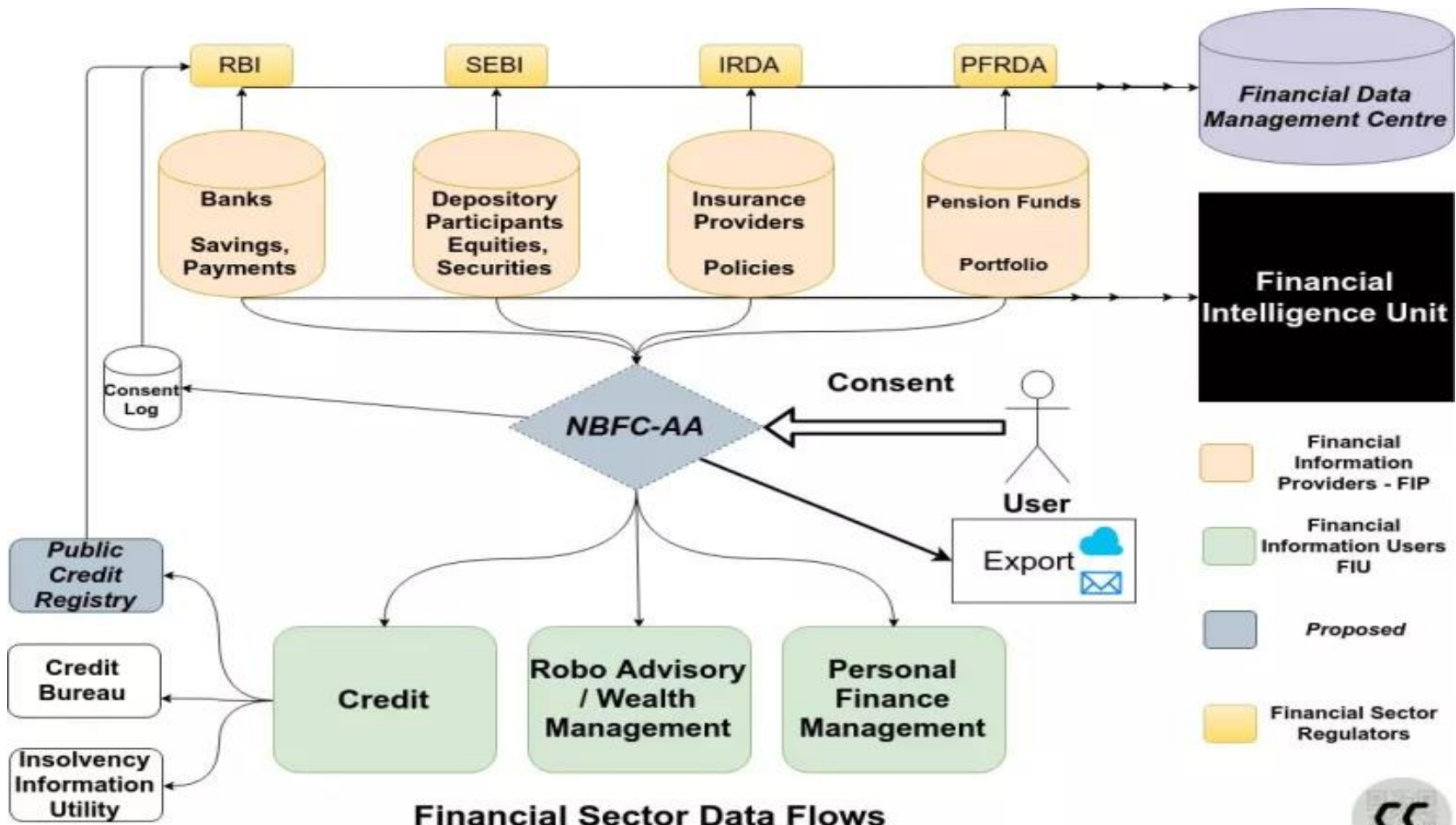




# Digital Locker

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





**Financial Sector Data Flows**



# 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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