

## **New category of NBFCs to help cross-sell financial products**

### ***Account aggregators to enable customers to see all their accounts across financial institutions in a common format***

The Reserve Bank of India's (RBI's) decision to allow setting up of new kind of non-banking financial companies (NBFCs) that would act as account aggregators will help in cross-selling of financial products to customers and contribute to fee-based income for NBFCs.

Last week, RBI Governor Raghuram Rajan said the central bank would put in place a regulatory framework to allow a new kind of NBFC, which could act as an account aggregator to enable the common man see all his accounts across financial institutions in a common format. The idea of such an NBFC had emanated from the Financial Stability and Development Council (FSDC).

“This will help generate fee-based revenues for this model of NBFCs and they can probably use this channel to cross-sell products to customers because they will be having access to the customers' profile,” said Saday Sinha, vice-president, Kotak Securities.

The new model of NBFCs will help in financial inclusion, which has been a key focus for RBI, which is also in the process of assessing applicants for granting licences for payments bank and small finance banks.

The government and the regulator have also been nudging banks to focus on financial inclusion in a big way with schemes like the Jan Dhan Yojana.

“For the customers it would be a one-point contact centre. Microfinance entities might probably be incentivised with this kind of model catering to customers in the hinterlands.

It would lead to financial inclusion as there might be customers already on the asset side and with this model, these customers could be transferred to the liabilities side,” said Ananda Bhoumik, senior director, India Ratings & Research.

According to Bhoumik, the approach is, there is a one stop for aggregating the assets and liability information. It may be a fee-based aggregator model. The opportunities that would open up would be to cross-sell products and eventually could also be utilised to cater to wealth management.

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