Integrating the AA Framework with the DPDP Act

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What's in Today's Article?

India's Consent Based Data Governance Latest News

- India's evolving data governance landscape is **transitioning towards a consent-based data-sharing model** that prioritizes user **empowerment, transparency, and interoperability**.
- The **Account Aggregator (AA) framework** and the recently enacted **Digital Personal Data Protection (DPDP) Act, 2023** both reflect this transformative shift.

The AA Framework – Consent-Driven Financial Data Sharing

- **Key features:**
  - **A multi-regulatory initiative** led by RBI, SEBI, Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA), and Ministry of Finance.
  - Operationalised under **RBI's NBFC-AA Master Directions, 2016**, it enables **secure, real-time, and machine-readable** sharing of financial data (banking, loans, tax, investment, pensions).
  - It empowers users to **give, manage, and withdraw data sharing consents**, and currently functions at population scale, **promoting efficiency, productivity, and customer-centric** services.
- **Significance of the framework:**
  - It promotes **digital economy, financial inclusion**, data protection, and **e-Governance**.
  - It demonstrates **inter-agency coordination** and the move towards a **data fiduciary model.**

The DPDP Act, 2023 – Broadening Consent Management

- **Core provisions:**
  - Introduces **Consent Managers (CMs)** to enable individuals (Data Principals) to control their personal data across sectors.
  - Aligns with **AA's core principles** – explicit, informed, and revocable consent.
  - **Applicable across sectors:** Health, education, employment, digital commerce, etc.
- **Techno-legal architecture:**
  - **Emphasizes user-centric data flow.**
  - Operates through intermediaries registered with the **Data Protection Board** (DPB).

Draft DPDP Rules, 2025 – Key Provisions and Recommendations

- **Highlights of the draft rules:**
  - **Mandatory DPB registration:** Ensures accountability and standardization across all CMs.
  - **Sector-specific consent managers:**
    - Supports domain-specific frameworks like the Financial Health Records (FHR) under National Health Authority (NHA).
    - **Encourages innovation** through interoperable APIs.
  - **Commercial arrangements with data fiduciaries:**
    - Allows **sustainable business models** for CMs.
    - Emphasizes that fiduciary duties toward Data Principals must not be compromised.
- **Critical recommendations:**
  - **Avoid regulatory overlap** with AA.
  - **Ensure alignment** between sectoral frameworks and the broader DPDP architecture.
  - **Build a future-ready, unified consent infrastructure.**

Towards a Unified Data Ecosystem – The Way Forward

- **Synergy, not redundancy:**

    - **Leverage the maturity of the AA ecosystem** to inform the rollout of the CM framework under the DPDP Act.
    - **Promote interoperability** and avoid parallel regulatory setups.
- **Significance:** This will reflect India's approach to **data sovereignty, digital empowerment, and governance reform.**

Conclusion

- **India stands at a crucial juncture** in shaping a robust, user-centric data governance framework.
- By integrating lessons from the AA model and ensuring coherence in implementing the DPDP Act, the country **can pioneer a scalable, secure, and inclusive consent-based data-sharing infrastructure.**
- This will be **crucial for both digital inclusion and data protection** in the 21st century.

India's Consent Based Data Governance FAQs

Q1. What is the Account Aggregator (AA) framework and how does it empower data principals in the financial sector?

Ans. The AA framework, a multi-regulatory initiative operationalised by RBI in 2016, empowers individuals to securely give, manage, and withdraw consent for sharing their financial data in real-time with regulated entities.

Q2. How does the DPDP Act, 2023 build upon the principles of the AA ecosystem?

Ans. The DPDP Act institutionalizes a consent-manager-led regime across sectors, reinforcing explicit and informed consent mechanisms originally established by the AA framework.

Q3. Why is interoperability important in India's consent manager ecosystem?

Ans. Interoperability ensures seamless, secure, and scalable data sharing across sectors and platforms, enabling innovation while safeguarding user consent and data rights.

Q4. What are the key recommendations proposed for the Draft DPDP Rules, 2025 to align them with the existing AA framework?

Ans. Key recommendations include mandatory DPB registration, sector-specific consent managers, and allowing commercial arrangements with data fiduciaries without compromising user trust.

Q5. What is the significance of integrating AA and CM frameworks for India's data governance future?

Ans. A unified framework avoids regulatory overlap, strengthens user control over data, and lays the foundation for a robust, consent-based digital economy.

Source: TH
