

Empowering people to monetise their data

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India has an opportunity to lead the conversation on rewarding individuals for their data used by Big Tech



Illustration: Binay Sinha

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Data is the new oil. In fact, its potential for value extraction surpasses that of oil. Unlike oil, data is non-rivalrous, meaning multiple users can exploit the same dataset without reducing its supply for others. It is easily replicable and its value generally does not diminish once revealed, although sometimes that is the case.

Throughout history, models have emerged for extracting value from data. Initially, data's value lay in its application within algebraic equations, even before the technological era. With the advent of software, data-analysis ascended to greater sophistication, facilitating the rapid processing of vast quantities of data. Technology catalysed just-in-time management, amplifying data's value further. Yet these models primarily augmented existing business activities.

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However, a paradigm shift occurred as data itself became the core basis of businesses. Google epitomised this transformation, leveraging data as both raw material and product, birthing a trillion-dollar enterprise. Concurrently, alternative forms of data-based businesses like business intelligence and data-marketplaces emerged. Companies like

Amazon brought about yet another paradigm shift. They not only revolutionised online commerce but also demonstrated the power of separating data from the core business. This birthed the platform economy, where businesses leverage user data to create a valuable and distinct offering. The platform model often became bigger than the original businesses. Yet, a new class of data-based businesses evolved — the social media platforms. For this model, the world was the factory and individuals its workers, creating data that added value to them. All these models gave credence to the adage that when something is free, you are the product. The most recent business model harnessing the value of data is artificial intelligence (AI). AI uses data to train models. Moreover, the anticipated ubiquity of AI has taken the importance of data to a new high.

The immense market capitalisation of companies like Google and Meta underscores the value of individual user data. This begs the question, what is the value of an individual's data? Alphabet (Google's parent company) is worth \$1.75 trillion. That can be traced back to the data of its 5 billion users, which translates to roughly \$350 per person. Meta (Facebook, WhatsApp, Instagram, Messenger) boasts a market cap of \$1.25 trillion, thanks to its 3.98 billion users, which works out to about \$250 per user. Amazon, with its 10 million sellers and 300 million-plus buyers, owes a big chunk of its \$1.85 trillion market cap to its data users. And don't forget OpenAI, already a \$100 billion company that built its empire on internet users' data. In all these cases, data users — that is, the big-tech companies — have capitalised on user data. Yet, for the individuals whose data these companies use, the rewards have been minimal. This is despite the growing emphasis on control over one's personal data.

India presents a compelling case study in this emerging trend. It boasts a massive digital population, generating an estimated 20 per cent of the world's data — the largest single-country contribution. This data is immensely valuable due to its diversity and richness, given India's youthful demographics. The landmark 2017 Supreme Court judgment in *Puttaswamy vs Union of India* established privacy as a fundamental right. This legal foundation was further strengthened by the Digital Personal Data Protection Act, 2023, granting individuals control over their personal data. Given India's legal framework and the vast data pool, it positions it squarely at the centre for a leadership role in personal data monetisation.

The account aggregator (AA) system, pioneered by India, is one of the first initiatives in the world to flip the conversation on data. This ground-breaking initiative began in 2015 when the Arun Jaitley-led Financial Stability Development Council envisioned a unified data-sharing architecture for financial data across different institutions. AAs have a simple function — to securely and efficiently transfer financial data from the place it is stored to another place it is needed, with explicit user consent. This revolutionary framework empowers users to securely share their financial information with institutions that can offer them better deals on loans, investments, and more, all while maintaining complete privacy. For example, AAs enable working capital to small businesses based on cash flow data, obviating the need for collateral security. A small vegetable vendor who buys

wholesale and goes around selling the vegetables throughout the day presently takes loans from moneylenders, typically at 1 to 2 per cent interest per day. With this system, based on his income inflows, AAs can provide a loan to him at usual bank loan rates.

There are already more than 500 players in the Indian AA ecosystem and more than 60 million accounts have been linked to it. Sahamati, a non-profit industry body sets the standards for secure data sharing, fosters collaboration between banks, fintech companies, and policymakers, and educates users about the system's benefits. The AA system is exceptional because it empowers individuals with their data: User data is shared only with explicit consent, provides for seamless, effortless and frictionless sharing of data, and is inexpensive and scalable. The AA ecosystem is still nascent, but early signs are promising. In a month, nearly 5 million new accounts are getting linked and a similar number of successful consent requests are received. Sahamati estimates that by 2027, the number of consent transactions will reach a staggering 5 billion per year, a 100-fold increase from current levels. This rapid growth signifies a fundamental shift in the data economy. Individuals can increasingly gain control and reap benefits from their data.

The AA system can work not only for the financial sector but for other sectors as well. Imagine a farmer who can share data on seed quality, soil health, and pest control practices to access better prices in the futures market. Or a patient could share past medical records from different hospitals for a more informed diagnosis.

The AA system is the world's first architecture that has enabled individuals and small businesses to monetise the information residing in the data for their benefits. Being an open API based architecture, it reduces artificial barriers to entry, makes the system accessible, flexible, inclusive and non-discriminatory. For a world looking for a framework by which an individual's data could be used to empower him, the AA system provides a solution. Designed, developed and implemented in India, championed by iSpirit, India has the opportunity to lead the global conversation on data empowerment and innovation.

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